The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Eviction of the Oil Companies from Manchuria and the War Situation

ARTICLES IN THIS ISSUE

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(By the Review's Hankow Correspondent)

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The Downfall of Chinese Native Banks . . . By Paul K. Whang

SATURDAY, MAY 18, 1935 VOLUME 72, NUMBER 12

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

RUSSIAN WOMEN AND LEAGUE'S REPORT ON PROSTITUTION

RUSSIAN women in Shanghai were justified in their complaint against the slander implied in the League of Nations's report, a brief summary of which was cabled to the Far East, alleging that approximately one-fifth of the Russian women emigrees residing in China are prostitutes. In the first place, Father Robert of the League commission on white slavery, should be asked to define the world "prostitution," for either he or the press association which cabled the report, probably referred to Russian women working in cabarets rather than those who are inmates of houses of prostitution. There is an obvious difference between these places but it is quite possible the reverend father was not aware of it. The allegation that there are between 3,000 and 6,000 prostitutes among the 20,000 and more Russian women emigrees in China is an obvious exaggeration. The reason there are more Russian women prostitutes than those of other nationalities is due entirely to the serious economic situation which hits the Russians with more force than other nationalities which have consuls and organizations, official and otherwise, to look after them. The White Russians must depend upon their own resources and since prostitution often is the only alternative to starvation they accept it. Unless she happens to be mentally defective, or has been the victim of the white slave traffic, no woman ever enters prostitution voluntarily. And while it may not be known in the exclusive circles of the foreign women's clubs in Shanghai, it is nevertheless a fact that there has been a considerable increase in the number of foreign women prostitutes of non-Russian nationalities in Shanghai since the beginning of the depression. There are probably a half-dozen or more houses of prostitution scattered through the residential sections of the International settlement and French concession which have American, British and French inmates as well as Russians. But the Russian women are more conspicuous in the cabarets, hence they receive most of the credit, or rather discredit, for the other profession. However, the Russian women may derive some mental satisfaction from the fact that prior to the establishment of the American

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Court in Shanghai in 1908 and the clean-up staged by Judge Wilfley, most of the inmates of houses of prostitution on the China coast, particularly Shanghai and Tientsin were American women who had been brought to Shanghai from the U. S. Pacific coast on Japanese ships. That there is a well organized white slave traffic between Manchukuo and Shanghai is well known, most of the women being recruited for the cabaret trade, but many of whom, upon arrival find themselves in worse places. That the operators of this traffic should be severely punished goes without saying, but that will not prevent the traffic so long as economic conditions affecting the Russian emigrees continue as they have for several years.

The following paragraphs descriptive of the status of Russian women emigrees in the Far East appeared in the course of an article by Ben Dorfman in *Asia Magazine* for March. Mr. Dorfman was a technical expert (on Finance) with the Lytton Commission:

"The White Russian women in the Far East likewise have had varied experiences; and they have faced adversity far more courageously and creditably than the men. They have become wives or mistresses to men of almost every race found in China; and both the married and the single have engaged in practically every occupation open to women. Many of them—many more in fact than the casual tourist or 'holier-than-thou' variety of Shanghai foreign resident suspects—are faithful, respectable, high-principled, educated, talented and charming as women found in any place in the world. They are inconspicuously engaged as housewives, domestics, clerks, office assistants, stenographers, music teachers and even doctors, lawyers and dentists.

"But these are not the Russian women who ordinarily come to the notice of the tourist or the Shanghai man-about-town. Rather their attention is captured by the dance hall girls, cabaret entertainers and prostitutes and, to a lesser degree, ballet and chorus girls, waitresses (especially in Harbin) and hotel employes. The explanation is simple. The number of professional Russian dancing partners and prostitutes (together) runs into the thousands. Many of these women are attractive, and they cater especially to the entertainment of the resident and visiting Europeans and Americans. So many Russian women are engaged in dispensing amorous wares that the mere mention of 'Russian girls' in a city like Shanghai is likely to suggest 'dancing partner,' 'mistress' or 'prostitute,' according to the context and the occasion. Largely as a result of this situation, Russian women outside of Harbin are generally *persona non grata* in the foreign clubs (excepting the more liberal French) and social sets of China's ports. White Russians dominate Harbin's social life so thoroughly and pleasantly that the few other occidentals in the city (exclusive of the 'Reds') are quite happy to associate with them. In such cities as Shanghai and Tientsin, European and American woman, particularly the married ones, do not hold very high opinions of their Russian sisters. However, this is more than offset by the great favor in which the latter are held by many foreign men, particularly those whose wives 'do not understand' them. In fact, Russian women are the chief attraction in the Orient for many ships' crews, enlisted men, tourists and even a substantial number of foreign residents.

"Few persons appreciate the hardships these unfortunate Russian women have suffered; if they did, they might find it easier to be tolerant. Had other occidental women found themselves penniless and without friends in a strange, inhospitable land of depressing poverty, it is doubtful whether they would have acted much differently ...."

In concluding the discussion we might cite two authentic cases which recently were brought to our attention, showing that the Russian young women who come to Shanghai often are victims of circumstances over which they have little control. Both girls came to Shanghai from Harbin in 1929 as manicurists. No. 1 obtained a job in a leading hotel where she attracted the attention of a local millionaire who sent her to Hollywood where he allegedly supported her in grand style as a movie apprentice for a considerable period. No. 2 obtained a job as manicurist in a local foreign club, but was compelled to give up the position because of pregnancy, the father of the child allegedly being a member of one of the foreign defense forces who repudiated his offspring. The girl is now working in a lowclass bar in the Hongkew section where she is earning a precarious living and supporting the child.

LAST WEEK WAS A BUSY ONE FOR PEIPING OFFICIALDOM

THE week beginning with May 4 and ending on May 11 was an exceedingly busy one for Peiping officialdom. A few days previously Yin Tung, managing-director of the Peiping-Mukden railway went to Tokyo for the purpose of exchanging amenities with officials of the Japanese war and foreign office but before many amenities could be exchanged, the Kwantung army delivered an ultimatum to Gen. Yu Hsueh-chung, head of the Hopei provincial government. It seems that Gen. Yu had violated some of the as yet undisclosed terms of the Tangku truce, in connection with the reorganization of the police force within the so-called demilitarized zone. There was no official announcement from any quarter as to just what Gen. Yu had done or had not done, but after conferring with Gen. Ho Ying-chin, head of the Peiping military committee and Huang Fu, head of the Peiping political committee (now vacationing in Hangchow), Gen. Yu decided to comply with the Japanese demands, whatever they were. Then there was the assassination of two Chinese editors, both of whom were running Japanese subsidized newspapers at Tientsin advocating Sino-Japanese co-operation and Pan-Asianism. Lieut.-Col. Tan Takahashi, Assistant Japanese Military Attache at Peiping, immediately called on Gen. Ho Ying-chin and accused the Chinese authorities of complicity in the murders of the two pro-Jap editors, both of whom were of the literatti class and over fifty years of age and probably needed the Japanese money. Also there was considerable trouble at Shanhaikwan resulting from the Japanese seizure of some 60,000 tons of coal belonging to a Chinese company, the Japanese alleging the Chinese company had extended its galleries into properties allegedly-belonging to a Japanese-owned coal mine. The Japanese seizure of the Chinese coal caused a complete shutdown of the Chinese mine with several hundred men thrown out of work. Also at Shanhaikwan, the little town where the Great Wall comes down to the sea and marks

the boundary between Chinese territory and the puppet state, there was a lot of trouble over silver smugglers. According to reports a number of Chinese, allegedly working for Japanese principals, and also some Koreans were engaged in smuggling China's already depleted silver stocks into Manchukuo at the rate of some $3,000,000 a month. As a result of Chinese protests the Japanese finally arrested one Korean. The Chinese, in self-protection, finally decided to enforce orders prohibiting anybody from carrying more than $20 across the border, unless he had a permit from the authorities to carry more. Then there was the everpresent complications over Korean and other dope smugglers operating out of Manchukuo and making it necessary for the Chinese authorities to increase their hospital facilities at Tientsin. One or two Chinese dope dealers were shot during week, but nothing could be done about the Koreans because they are Japanese subjects and not amenable to Chinese interference. The week ended in a blaze of glory, so to speak, for on May 11, eight Japanese high-powered bombers flew over the wall from the Japanese aviation base at Chengteh, Jehol, and for a half-hour rained bombs on the little Chinese villages in the vicinity of Hsinlung. It seems that a number of "bandits" popularly known as Big Swords had invaded the area and announced their intention of opposing the Japanese aggressors along the Great Wall. The Japanese military authorities warned the villagers in advance of the bombing, hence they probably fled to the countryside. What happened to their property was not stated, the Japanese report merely announcing that large numbers of Big Swords had been killed while the remnants had fled eastward along the wall. Aside from these happenings, culled from the Japanese newspapers and press reports, the situation in the Peiping-Tientsin district remained happy and peaceful, or at least that was what Yin Tung told *Rengo* in the course of an interview in the Nippon capital.

JAPAN EVICTS STANDARD OIL FROM MANCHURIA

THE departure on May 8 of a number of staff members of the Standard Oil Company, or Standard-Vaccum Oil Company, from the Japanese port of Dairen on their way home to the United States was an event of no small significance. The Standard Oil men, several of whom had spent a considerable portion of their lives in the development of this phase of American foreign business in the Manchurian provinces, were not alone when they sailed away from the Japanese port; they were accompanied by a number of other foreign oil men, including some employes of the American Texas Oil Company and the British Asiatic Petroleum Company, all three of which concerns are liquidating their holdings in the puppet state and shortly will close their Mukden offices. It also was reported that the Soviet state-owned oil company had likewise decided to liquidate and withdraw its men, but this has not yet been confirmed. Chief interest is centered in the withdrawal of "Socony," for that important concern took the lead in the development of the foreign oil business in the Chinese northeastern provinces when that territory was a howling wilderness and most of it could only be reached by primitive native cart or packpony. The Texas Company and the British-Dutch concern entered the Manchurian field somewhat later and in a sense were able to benefit from the pioneering work Socony had financed and which the ingenuity of Socony men had accomplished. Now they are all sticking together in the withdrawal from the "paradise," which has turned out to be a paradise for Japanese only.

A few days prior to the departure of the foreign oil men from Dairen, the Japanese *Rengo* service circulated a brief message from San Francisco which quoted a certain Waldo McNutt of New York as declaring in the course of an address in the California city that the United States "was preparing for war in the Pacific in order to defend the Standard Oil Company against the menace of Japanese expansion and against Japan's so-called Monroe Doctrine in Asia." It seems that Mr. McNutt is the promoter of some organization which is trying to save America from war and fascism or some other disaster; hence he was warning the Americans, or at least the Californians against the possibility of the United States being dragged into war in support of Standard Oil.

But we do not think Mr. McNutt's warning was justified, at least not yet, for aside from the dispatch of protests the United States hasn't done anything in particular about the Japanese eviction of Socony from Manchukuo. It is true that the last American note, warning the Japanese that somebody will ultimately be compelled to pay an indemnity for losses suffered by the American interests, was too "hot" for the Tokyo foreign office to make public, but aside from this there has been no rattling of sabers. The trouble with the McNutts and several others, including a considerable number of well meaning religious people and pacifists is due to their apparent belief that America will be dragged into war with Japan because of protection extended to private interests. Nathaniel Peffer's recent book, "Must We Fight in Asia" made the same argument that private interests would drag America into war with Japan. He argued that the menace of war would pass with a change in the "present economic system," feeling apparently that all complications between nations would pass if business was officially controlled, otherwise state socialism. It is only necessary to point to the fact that there are no places in the world where business is more closely controlled than it is in Japan or Soviet Union, but despite this the situation with respect to those nations is most critical. Nations will continue to sell in foreign markets and to fight for foreign markets regardless of the status of their commercial enterprises. Actually it may become worse when all business is state-owned or controlled because of the opportunity offered for more efficient use of armed forces in support of "national" interests.

The United States will not immediately go to war with Japan over the eviction of Standard Oil from Manchuria, or even the eviction of Standard Oil from both Japan and China with all other American business in the Far East thrown in for good or bad measure. But the American people will ultimately fight Japan when the issue becomes so serious as to threaten the national existence of the United States. It is now argued, with some logic, that it would be cheaper to sacrifice all American business in the Orient rather than to face a war with all of its costs and misery. This might be correct reasoning if the sacrifice of American business would prevent a war, but rather than prevent it, the results probably would be otherwise. Take the case of the Soviets who decided to sell the Chinese Eastern railway in order to avoid complications leading in the direction of war in Manchuria, but the relief was only temporary and merely whetted the Japanese appetite for Northern Sakhalin island. Recently the Japanese raised a considerable commotion over Soviet plans to develop air-lines along the coast from Vladivostok to Kamchatka, despite the fact that the routes were entirely on Russian territory. As for the withdrawal of Standard Oil and the other oil interests from Manchuria, it was only necessary to read the Japanese newspapers and note their "chesty" comment over what they consider to be a great victory, to realize the effect on Japanese psychology. Americans who have not yet reached the point where they are seriously concerned about developments in the Pacific, probably will not worry because the Standard Oil company has lost some business in Manchuria, but when it becomes necessary for Socony to close down some of its refineries because of the loss of that market, then there will be serious concern, in certain quarters at least, and that will be the beginning of a chain of events which ultimately may lead to war. A similar situation applies to the matter of competition of Japanese textiles in American markets. Both Secretary Hull and President Roosevelt called attention to the fact that the Japanese were only selling a "few million yards," a very small percentage of the total consumption, but even that small percentage was sufficient to cause a fall in prices with consequent closure of mills and extensive unemployment. These are the things which make wars inevitable and when the Americans generally come to realize that they must either meet the Japanese issue resolutely, or face the more serious problem of increased unemployment and lowering of the standard of living then the situation will become acute. The decision to increase the strength of the American Army and Navy and go through with the Pacific maneuvers indicated that some thoughtful persons at least do realize what is coming. The others are merely making the situation worse by leading the Japanese warlords to believe that the American race has grown soft and sentimental and will not fight, even for its national existence.

China Struggles for Financial Efficiency and a Balanced Budget

THE billions which the United States government is expending on relief projects as a means of eliminating the economic depression and reducing unemployment make the figures in China's national budget appear almost infinitesimal. For example, the recent Roosevelt relief appropriation, if converted into Chinese currency at current rates of exchange would cover China's total national governmental expenditures last year about twelve times and leave sufficient over to practically finance China's military outlay for two-thirds of a year.

But despite the disparity in the budgetary figures of the two countries, a reflection of the low economic level of the Chinese population as compared with conditions in the United States, China deserves credit for maintaining a more nearly balanced budget than has been the case with the sister republic across the Pacific. And this in the face of military expenditures in China which have, since 1929, absorbed from 48 to 50 percent of all the national revenues. The outstanding element in the Government's financial report covering the period from July 1932 to June 1934, with an estimation of income and expenditures for the current year, which was made public this week by Dr. H. H. Kung, Finance Minister, is the evidence presented showing that it was impossible to maintain the balanced budget of 1932 which set an all-time high mark in China's national finances since the establishment of the Republic in 1911. But there have been some extraordinary developments which China had to face, which, in the case of other governments probably would have led to complete collapse. Outstanding among these events over which China had no control was the Japanese seizure of the Manchurian provinces resulting in heavy losses in revenue to the Chinese treasury, not to mention the large outlay required for defensive measures and relief of refugees. It will be remembered that T. V. Soong, who was finance minister at the time of the Japanese intervention at Shanghai and military occupation of Jehol province, was forced to advance considerable sums for military purposes in an attempt to stem the Japanese advance. Then following the disasters inflicted by the Japanese warlords in North China, some of which are still continuing, there followed the Yellow river floods and some purely Chinese complications caused by the rebellion of the 19th Route army in Fukien and the continuing warfare against the communists. As a result, Dr. H. H. Kung, who succeeded Mr. Soong as Finance Minister, has not been able to maintain a balanced governmental budget, the first evidence of this inability being

the issuance of a loan for $100,000,000 in October, 1933.

Despite the inability to balance the budget, a common malady over the world, there has, however, been great improvement in the financial administration, this being evidenced in the restoration of the country's credit to a point unequalled by a considerable number of supposedly respectable and solvent European governments, which profess to be unable to pay their debts to the United States. Through the enforcement of a governmental "starvation diet" the Nanking administration has been able to maintain loan indemnity services which take up about 32 percent of the annual outlay. The results of these sacrifices are reflected in the fact that most Chinese bonds listed on foreign exchanges stand at par, while one issue in London stands above par. A similar situation prevails with respect to railway bonds, for many years the most discouraging feature of the Chinese governmental set-up. No longer do the warlords control the operation of trains and collect the revenues at the different stations. In recent months the Railway Ministry has refunded several long-defaulted loans, and obligations for purchase of equipment, including a half-dozen Japanese loans, thus proving more eloquently than words could convey that China is sincerely trying to sidestep further complications with the military clique which still controls the government of Japan.

A detailed report of the Government's financial statement and estimates for the current year appears elsewhere in this issue of *The Review*, hence it is only necessary to call attention to certain phases of the financial development which may or may not be significant from the standpoint of the future. As indicated in the report, the financial situation continues to be dominated by military and debt expenditures. In 1929 the cost of operating the military establishment was $210,000,000 (silver), which figure represented 50.8 percent of the total expenditures. In 1934 the military outlay had increased to $373,000,000, but owing to the simultaneous increase of other expenditures, the military portion was somewhat less, being 48.5 percent of the total. According to the preliminary estimates for the current, or 1935 budget, the military expenditures are to be reduced to $332,990,910, but it remains to be seen whether this can be put into effect due to the heavy cost of the anti-red campaign in West China. The rapid increase in the cost of government in China is shown in the budget figures, $671,924,755.91 for 1933; $828,711,688.16 for 1934; and $853,212,853 (estimated) for 1935. Of significant importance has been the gradual extension of Nanking's fiscal control from the seaboard and Yangtsze river provinces inland. Gen. Chiang Kai-shek's present campaign against the communists in Szechuen, Kweichow and Yunnan undoubtedly has as one of its chief objectives the reorganization and consolidation of Nanking governmental financial administration in those far western areas where central government control has been practically absent since the first revolution in 1911. If this can be accomplished the Central Government will have made a long step in the consolidation of its authority throughout the country. When one takes into consideration the problem which the Government has had to face and the disasters which it has weathered, the deficit of $233,000,000 which has piled up in the past two years is not a serious one, particularly in view of the fact that China in the same period has retired loans amounting to $215,000,000. Also, the Finance Ministry, under Dr. Kung's administration, has abolished some 3,000 different types of local taxes which were impoverishing the people and handicapping the development of agriculture and domestic commerce. Local officials who previously waxed fat on these revenues have been compelled to seek other forms of livelihood. To refer again to the Japanese seizure of the Manchurian provinces, the Nanking treasury statement indicates loss of customs revenues amounting to some $40,000,000 resulting from the Japanese action. This money together with a great deal more, is now being used by the Japanese army in the support of the "emperor" Pu-Yi set-up at Changchun and in preparation for further military adventures north, south or west.

The Finance Ministry's achievements of constructive character, as indicated in the report may be summarized as follows:

1. Substantial settlement of debts in arrears.
2. Abolition of the tael monetary unit in the Spring of 1933.
3. Drastic revision, mostly downwards, in the export tariff.
4. Centralization of control over receipts and expenditure under the National Treasury, January, 1935.
5. Lifting of the long-standing embargo on the exportation abroad of rice and other cereals, and permission to export them duty free.
6. Abolition of the interport duty on rice, paddy and wheat, February 1, 1933.
7. Organization of the Preventive (anti-smuggling) Department of the Customs in 1931 and other Customs reforms.
8. Drastic reforms in the Salt Administration, including the consolidation of administrative functions, abolition of secret commissions to officials, readjustment of duty rates and the introduction of standard weights.

From the standpoint of the future outlook the chief question mark is concerned with the problem of currency. Governments over the world, most of which have depreciated their own currencies since the beginning of the world economic depression, have been almost unanimous in urging China to maintain the stability of her money. But it remains to be seen whether China will be able to maintain currency morality in the face of domestic and world conditions, prominent among the outside influences being that of silver precipitated by the policy of the United States government in artificially boosting the price. China's finances, including bond issues and currency, are based upon silver rather than gold. The only place where gold enters into China's financial economy is in the customs administration where duties are assessed in terms of a "gold unit," worth about 40-cents in terms of the

American gold dollar, prior to American currency devaluation. All other financial transactions in China are in terms of silver. Prior to the inauguration of the U. S. silver purchase policy, Chinese silver dollars in Shanghai could be obtained in exchange for American dollars at the rate of about five Chinese dollars for one American. This represented the then prevailing rate for silver as a metal as expressed in terms of gold. When the U. S. treasury, in accordance with the Congressional Silver Act, began buying silver at an artificially enhanced price, this led international speculators to begin buying silver in the Shanghai market for shipments to London, the motive being expectation of big profits from the U. S. silver purchase policy. More than half of the reserve stocks of silver stored in Shanghai bank vaults were shipped out of the country before the National Government was able to halt the process by levying a high export tax. But this was not sufficient to completely halt the movement, for smugglers, chiefly Japanese agents and Koreans, have continued to ship out large quantities from North China. As a result, the National Government's reserves, as well as those held by private banks, have been seriously depleted.

What the Government will be able to do to rectify this situation is as yet unknown, but rumors have been in circulation that it if relief is not forthcoming from foreign sources in the form of loans it may ultimately become necessary for China to adopt some scheme of "managed" currency similar to that of other governments over the world. In this connection the local Japanese newspaper, *Shanghai Mainichi*, on May 10 published a report alleging that the Legislative Yuan at Nanking was considering new regulations governing the ratio of reserves held by Chinese banks against note issues from 60 percent silver and 40 percent bonds to 40 percent cash and 60 percent bonds. The Japanese report alleged that the note issues of Chinese banks amounted to $357,870,142 against cash reserves amounting to $231,913,643. In the event of the Legislative Yuan taking the suggested action it would enable the banks to increase their note issues to the extent of $46,000,000 according to the Japanese figures. It was stated further that the Government, since its recent acquisition of a controlling interest in the Bank of China and Bank of Communications, has begun to retire the notes of the two former private banks so that the official Central Bank will ultimately enjoy a monopoly of note issues. The Bank of China was stated to have about $80,000,000 in notes outstanding while the Bank of Communications has about $56,000,000 in notes outstanding. The articles in the Japanese paper were headed, "China on Way to Inflation," and "Forced Circulation of Central Bank Notes."

Has China Exaggerated the Importance of the American Economic Mission?

CHINA has been the object of study and investigation by official and unofficial commissions for many years, but at no time in the nation's history has the country been subjected to such intensive study as at present. We use the word "present" as referring to that critical period in China's history which began with the Japanese seizure of the Manchurian provinces in the fall of 1931 and extending into the future to some indefinite date when the prevailing international political deadlock will be broken by an outbreak of war or some less violent form of adjustment.

It is a perfectly understandable situation that China should exaggerate the importance of these investigations, whether conducted by a Lytton commission, a missionary fact-finding body, a Rogers silver inquiry or an Economic mission similar to the present group. If China was in a normal state of health, politically and economically, there would be no need for these investigations by outside bodies. But China is not healthy, in fact is somewhat in the condition of a man who has lost an arm of a leg or both; hence the patient may be pardoned for placing too much confidence in the ability of the doctor to prescribe relief.

It is too early, of course, to forecast the results of the present inquiry, but it might be well to utter a word of caution to those who have consciously or unconsciously been led to believe that the American Economic Mission, in some miraculous manner, could prescribe a remedy that would enable China to immediately recover from a catastrophe which would have been fatal to almost any other country. But regardless of what may result from the present inquiry, no harm can come from a consideration of some of the factors which inspired the members of the Mission to visit this part of the world.

In the first place the American Economic Mission, to use its full title, came to the Far East under the auspices of the National Foreign Trade Council, an unofficial organization composed of leading American individuals and industrial concerns which are interested in foreign trade. The National Foreign Trade Council has no connection with the United States government, but due to the importance of the interests which make up its membership, it is in a position to influence governmental policy. Sometime ago when the economic depression made it necessary for American industries to pay more attention to foreign trade, the National Foreign Trade Council was responsible for the creation of two new organizations known as the American-Chinese Trade Council and the American-Japanese Trade Council. These two organizations have their headquarters in New York but have affiliate groups in Shanghai and Tokyo respectively. Early last January when the National Foreign Trade Council fostered a "Foreign Trade Week" as a means of promoting

interest in America's foreign commerce, it was announced that the Council was fostering two missions to the Far East, one to Japan which was scheduled to spend two weeks in that country and the other to China where a longer period of two months was decided upon for study and investigation here. That the United States government is fully aware of the visit of the Mission is obvious, but it should be fully realized that President Franklin D. Roosevelt is under no obligation to follow its recommendations. On the other hand the United States government may be influenced by the Mission's recommendations and may adopt some or all of its recommendations. It therefore largely depends upon a number of circumstances, not all of which are under the control of the Mission or the U. S. government, whether the present investigation will be crowned with success.

It requires no elaboration on our part to acquaint the reader of these paragraphs with the fact that the Mission has come to the Far East at a time of serious crisis, the ramifications of which extend throughout the civilized world, and which, in the popular mind at least are leading in the direction of war. Dr. John R. Mott, head of the Y.M.C.A. who also is making an investigation of conditions in the Far East, was quoted in the newspapers as declaring that the relations of Japan and the United States are more critical than at any other time since the two countries established diplomatic relations.

That the United States has been under severe pressure since the beginning of the Sino-Japanese crisis in Manchuria is well known. While China has been the chief victim of Japan's violation of international treaties, the fact that the United States was the initiator of these treaties, beginning with the covenant of the League of Nations, has brought the United States into the center of the complications. The American people, cannot escape the consequences of developments in the Far East since 1931. Even though America, by some stretch of the imagination, might attempt to sidestep all trouble by cutting loose from the Orient completely, that would not prevent the United States from becoming involved. In all probability it would hasten "the day" when the fundamental issue must be faced, and by "fundamental issue," we mean the problem which was created when the military clique in Japan decided to tear up the treaties and use force as a means of carrying out its program of Oriental and world domination. Both China and Japan have been pressing the Americans to do something: China wants American help in preserving her national existence against Japanese aggression. Japan wants the United States to accept the Japanese program and step aside while the Japanese military machine finishes the job it set out to accomplish a quarter of a century ago, a program which is well outlined in the much debated Tanaka Memorial, a document which is again being given serious study and consideration.

Nothing would be more satisfactory to the American people than a reconciliation of China and Japan, but much depends upon the character of the reconciliation which may finally be decided upon. While certain Chinese politicians, in order to maintain their own positions or for some other unstated reason, might be willing to accept the Japanese program and convert their country into a colonial appendage of Japan, this obviously would not be a satisfactory or lasting solution of the question. It would merely hasten the day of another and more serious outbreak; hence any solution of the present complications must follow lines which have some promise of permanency due to the support of the peoples concerned.

The Japanese plan is simple: They probably told the members of the American Economic Mission that since American investments in Japan, amounting to four of five hundred million U. S. dollars is three of four times greater than American investments in China (U.S.$130,000,000) the United States should step aside and permit Japan to run the whole show. Then the Japanese probably, in fact they did, suggest to the members of the Mission, that the American businessmen should turn over their commerical agencies in China to the big Japanese concerns "who know how to handle the Chinese." In other words, the Japanese, who are themselves in a serious financial predicament because of their military adventures in Manchuria and elsewhere in the last four years, now want the Americans to put up the money in order that the Japanese warlords can consolidate what they have gained and make preparations for further expeditions both into China and against the Soviet Russians. It's a modernization of the old Japanese program originally enunciated by Baron Shibusawa more than a decade ago, of "American money and Japanese brains," a program which was swallowed in its entirety by such important American concerns as the United States Steel Corporation and J. P. Morgan and Company, both of which gained big profits from Japanese military and industrial expansion. But the industries which the late Judge Elbert Gary of the United States Steel Corporation and Thomas Lamont of Morgan and Company helped Japan to establish have now become so powerful that they are threatening to drive American business not only out of Asia but also out of Central and South American markets, not to mention serious Japanese competition within the United States. Other industries which followed Gary's and Lamont's advice and established branch factories in Japan are now in a serious predicament because of a Japanese threat to take over their properties or eliminate them entirely through unfair competition. As for the situation in Manchuria, it is only neccessary to mention the recently-established Japanese oil monopoly to understand the drift of affairs in that market which previously was open to the nations of the world.

When the National Foreign Trade Council decided to send a Mission to China its objective was the improvement of trade between the two countries and when the average American business man thinks of improving American trade he has in mind an increased market for American raw products and manufactured goods. But while the

primary interest is centered in improving the market for American goods there also is a realization that America must purchase Chinese goods, particularly raw products needed by American industries. From this standpoint the trade between China and the United States is in a healthier state than is the situation with respect to the trade between Japan and America where the United States, due to the falling off in the demand for raw silk, is now selling to Japan much more than it is purchasing from the Japanese. The generally satisfactory state of Sino-American trade was well summarized in the following paragraph from a recent issue of the *People's Tribune*:

> "The United States is China's best customer, taking nearly 18 per cent of our total exports and supplying more than 26 per cent of our imports from abroad. Excluding Japan and Great Britain, American buyers take more of our products than any other four nations put together; in 1934 China's exports to the United States amounted to nearly 95 million dollars—not far short of double the shipments to Great Britain, and 14 millions more than our exports to Japan. From the United States last year we took 271 million dollars' worth of goods, more than British and Japanese imports put together, and representing more than one-quarter of the total shipments to China from foreign countries."

But while the trade, so far as it goes, is generally satisfactory on the basis of *give and take*, it is distinctly unsatisfactory from the standpoint of volume. Can anything be done by the United States to help China become a better market for American goods? This is a question which was put by one of the leading commercial organizations interested in this market:

> "Can Americans compete with other nationals in China, or must they continue to stand by doing nothing while millions of dollars worth of contracts for railroads and other industrial projects, with the best security China has even been able to offer back of them, are handed out to foreigners of certain nationalities but not to Americans? The answer to this question is briefly that Americans can compete if they are able to offer credit facilities comparable to those offered by the other national interests doing business here. Otherwise, no. Long-term credits, such as are being offered, are arranged with foreign government assistance. That the American authorities are aware of the vital necessity to assist American exporters in this respect is clearly indicated in the excerpts from two addresses, one by Mr. George N. Peek, President of the Export-Import Banks and Adviser to the President on Foreign Trade, and the other by Mr. Claudius T. Murchison, Director of the Bureau of Foreign and Domestic Commerce, Department of Commerce."

This is a question which the Economic Mission will attempt to answer, but regardless of what form the answer will take, the fundamental problem rests in China's ability to improve the purchasing power of her people, or to put it another way, can anything be done to improve the living standards of the masses of the Chinese people? It is here that China's opportunity for benefit exists. American industrialists are anxious to sell their products in China, products which China needs in her reconstruction. Can some system be worked out whereby China may obtain these products and utilize them in improving the welfare of her own people? Also, and this is important, can some system be worked out whereby the seller can be provided with reasonable security and assurance that his goods will be put to constructive uses in order that payment for the merchandise or services can be made. No business deal, whether between private individuals or firms or between government-fostered or controlled institutions can be successful unless there is satisfaction on both sides. The fact that China realizes the necessity of exerting her own best effort to meet the offer of the American Mission was indicated in the recent announcement that China is planning to send a return mission to the United States immediately and also in the recent announcement that some twenty of China's leading firms interested in the export of Chinese products had formed an export assaciation with the following objectives in mind: (1) it will develop foreign markets for domestic products, (2) it will investigate and report the foreign market conditions to Chinese exporters, (3) it will standarize the Chinese products for export, (4) it will purchase raw materials for domestic industry, (5) it will exhibit Chinese products in foreign countries, (6) it will carry on publicity work in foreign markets, and (7) it will coordinate the activities of various factories so as to eliminate any possible competition among Chinese factories.

Overshadowing all else, of course, is the disturbed political situation resulting from Japan's action in scrapping all orderly peacetime machinery which was created at the Washington Conference in 1921-1922 for the purpose of adjusting complications without resort to forceful measures. So long as this situation is permitted to exist there can be little improvement in the trade relations of the United States with Oriental nations. Judged from the standpoint of present tendencies these questions may have to be settled in terms of naval and military strength, but the fact that private individuals and interests are now giving attention to the subject, inspires hope that some way may be found for getting back to normal civilized methods of adjusting even these complications.

British Boxer Refund Trustees Grant $1,000,000 to Canton-Hankow Railway

The 31st meeting of the Board of Trustees for the British Boxer Indemnity Refund was held in Nanking May 13, under the chairmanship of Dr. Chu Chia-hua, Minister of Communications. With regard to the application of the Ministry of Railways for a loan of $1,500,000 to complete the Chuchow-Shiuchow Section of the Canton-Hankow Railway, it was decided to grant $1 million only for the present, and to refer the question of appropriating the additional $500,000 to the Finance Committee for re-examination.

Proposed Bill Provides for Special Judge for U. S. Court for China

Acting on a suggestion from C. P. Holcomb, member of the American Bar in Shanghai, at present in the United States, the House Committee on Foreign Affairs May 14 reported favorably on a bill providing for the appointment of a special judge for the U. S. Court for China, to act during the illness of the regular judge or a vacancy.

Japanese Officer Urges Gen. Chiang to Visit Japan; Communist Situation in Yunnan and Szechuan Improves

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Tangku Truce Can Not Be Abolished Until China Recognizes Manchukuo.**
2. **Japanese Military Attaches Protest Against Murders of Tientsin Editors.**
3. **Kwantung Army Office Restricts Travel in Mongolia and Manchukuo.**
4. **Readjustment of Japanese Loans to China Proceeds.**
5. **May 9, National Humilitation Day, Observed in Nanking.**
6. **Gen. Chiang Kai-shek Urges Full Development of Resources in Yunnan.**
7. **New Kweichow Provincial Government Commences to Function.**
8. **Government Troops Victorious Over Reds in Yuunan and Szechuan.**
9. **Ex-Magistrate of Chungshan District Executed on Charge of Sedition.**
10. **Chinese Minister to Turkey Arrives in Angora.**

According to *Jiji Shimbun*, Major-General Isotani, Japanese Military Attache stationed in Shanghai, addressed on May 1 the following message to General Chiang Kai-shek in Kweichow:

"If you have a real desire to settle the pending Sino-Japanese questions and to secure rapprochement between the two countries, you should visit Japan yourself to undertake direct negotiations with the Japanese Government, for the sake of establishing eternal peace in the Far East and, in particular, fundamentally to effect the revival of China through her own endeavors."

TANGKU TRUCE CAN NOT BE ABOLISHED UNTIL CHINA RECOGNIZES MANCHUKUO

As long as China declines to accord recognition to Manchukuo there will be no possibility of replacing the Tangku Peace Agreement with a treaty of permanent nature, declared Major-General Seishiro Itagaki, Vice-Chief of Staff of the Kwantung Army, at Changchun May 8.

SINO-JAPANESE ECONOMIC COOPERATION SHOULD BE FREE FROM MILITARY INTERFERENCE

The much-talked-about economic entente between Japan and China should be left to industrialists, businessmen and diplomats, and the military should refrain from interfering, said Yin Tung, Managing-director of the Peiping-Liaoning Railway, in Tokyo May 1. Interviewed by *Asahi Shimbun*, Mr. Yin said: "With the through traffic, postal and customs questions settled on the whole, China has done about all there was to be done to fulfil her obligations under the Tangku truce agreement. The political situation in North China has been gradually settled down. The Nanking Government, therefore, wishes to revise the provisional Tangku truce into some kind of a general political pact and also to simplify the duties of the Peiping Political Council."

In his conversation with Koki Hirota, Japanese Foreign Minister, on May 7, Mr. Yin is reported by the *Shanghai Mainichi* to have declared that all obligations in the Tangku Agreement having been fulfilled by China, only such questions as the connection of air-lines between North China and Manchuria remain to be settled.

Conditions in China are now propitious for the promotion of Sino-Japanese economic co-operation in the opinion of Gen. Chiang Fang-chen, chairman of the board of directors of the Shanghai Agricultural and Commercial Bank, now on a visit in Tokyo, according to *Rengo*.

"Financial circles of China have been hard hit by the United States' silver policy," Gen. Chiang said. "However, the boycott against Japanese-made goods has been practically liquidated, and, for several other reasons, now is the best time for bringing about economic co-operation between our two nations," he stated.

PEIPING POLITICAL COUNCIL MAY BE ABOLISHED

Rengo reported that the Chinese authorities are contemplating the abolition of the Peiping Political Council and the establishment of a new organ to replace the Council in the near future. In the event of the establishment of a new organ, Yin Tung, admittedly General Huang Fu's right-hand man, is likely to be slated head. In this connection, *Rengo* learned that both General Chiang Kai-shek and Wang Ching-wei, President of the Executive Yuan, have given their consent to this project, while the Japanese military quarters are also believed to be not against the project. It is generally expected that the rumored project will speedily materialize following the return to Peiping from Tokyo of Mr. Ying, whose present visit there is believed to have something to do with this question.

General Chiang Tso-ping, Chinese Minister to Japan, entertained 18 Japanese notables at a luncheon at his official residence in Tokyo on May 13 in appreciation of the memorial services on the tenth anniversary of the death of the late Dr. Sun Yat-sen on March 12.

JAPANESE MILITARY ATTACHES PROTEST AGAINST MURDERS OF TIENTSIN EDITORS

Lieut.-Col. Tan Takahashi, Japanese assistant military attache, called on Gen. Ho Yin-ching, chairman of the Peiping Branch Military Affairs Commission to draw his attention to the murder of two pro-Japanese Chinese newspaper publishers in Tientsin. During his interview, Lieut.-Col. Takahashi, according to *Rengo*, pointed out to Gen. Ho that the murders of these two men could not be regarded "as simple cases of homicide inasmuch as there was ample proof that Chinese authorities had instigated the act."

In connection with this matter, the Japanese military attache in Shanghai also issued a statement on May 7, according to the *Shanghai Mainichi*: In part, he said that the murders were perpetrated on instructions from Chinese authorities who pretend to desire cooperation with Japan. The assassination took place in the Japanese Concession, and it is clearly a violation of the sovereignty of Japan in that territory, and consequently constitutes an affront by the Chinese authorities to Japan.

KWANTUNG ARMY RESTRICTS TRAVEL IN MONGOLIA AND MANCHUKUO

Restriction of travel to Inner Mongolia in order to prevent the "penetration of undesirable merchants" into that area, has been decided by the Japanese Kwantung Army, *Rengo* reported May 8. Hereafter all persons planning to enter Inner Mongolia from Manchukuo will have to apply for permission from special military affairs bureau. The regulations include travellers engaged in scientific research.

At Taliangti near Dolonor, the Japanese have organized a Hwa Hsin Stock-Breeding Company and another at Kuyuen named Hsin Kee Stock-Breeding Company. These two companies control all horse, sheep and other animal breeding in east Chahar.

All work came to a standstill in the Liukiang coal mine on May 4, as a result of the forced closure of the mine by Japanese soliders from Shanhaikwan and Chinghuangtao. The Japanese soldiers destroyed the private railway built by the company and virtually stopped all communications of the mine with outside world.

JAPANESE TO BUILD MORE BARRACKS IN TIENTSIN

The Japanese Army authorities in Tientsin are building another barrack near Haikwongshih. The new building, three storeys high, will be completed in August. It will be large enough to hold one detachment of soldiers. Another 200 houses are being built at Chang Yuan for Japanese military officers. These houses will be ready in August also. Chang Yuan was the property of Henry Pu Yi. This year, it was purchased by the Japanese authorities at a cost of $200,000.

Without any notification to the Chinese political or military authorities, two Japanese military planes flew over Tientsin in the morning of May 13.

READJUSTMENT OF JAPANESE LOANS TO CHINA PROCEEDS

Negotiations aimed at the readjustment of the Yen 15,000,000 Japanese share in the G.$96,000,000 international loan to China of Feb. 11, 1922 and of another Yen 3,000,000 advance made to the Shensi Provincial Government in 1920 will shorly be undertaken by representatives of the East Asia Industrial Company and officials of the Finance Ministry of the Nanking Government, according to *Rengo*.

Negotiations are now being conducted by T. V. Soong, Chairman of the Board of Directors of the Bank of China, and the President of the Shanghai Branch of Taiwan Bank in connection with the readjustment of the first and second loans which were made by the Taiwan Bank for construction work in Kiangsi province. The *Shanghai Mainichi* on May 8 reported that an agreement has been reached concerning the reduction of the principal as well as the rate of interest of the loan.

Manchukuo financial circles are showing much interest in the plans of the Bank of China and the Bank of Communications to establish a head branch office in Changchun. to control their branches in Manchuria. The Bank of China now maintains 13 branches and the Bank of Communications, 8 in Manchukuo.

According to *Shanghai Mainichi*, the export of Japanese goods in April to Shanghai amounted to 271,403 bales, showing a decrease of 15,022 bales (or over 5 per cent) as compared with the last month, and a decrease of 22 per cent as compared with the corresponding period of last year.

The *Shanghai Mainichi* on May 7 reported that Japanese goods are now being openly sold in Changsha, Hunan, while the service of the NKK from Changsha to Hsiangtang has also been resumed.

HANKOW PAPERS RESUME PUBLICATION OF JAPANESE ADVERTISEMENTS

According to a Hankow dispatch in the *Shanghai Mainichi*, publication of the advertisements for Japanese goods has been resumed by some Chinese papers in Hankow. However, in an editorial April 2, the Hankow paper *Sin Min Pao*, strongly censored the Chinese papers and demanded that those papers which have published the Japanese advertisements should be punished. Since April 7, Chinese papers have been forbidden to publish Japanese advertisements by the *Ti Hsueh Tuan* (the Society of Iron and Blood).

At a meeting between members of the Japanese Consulate and local Chinese authorities in Hankow on May 9th, it was agreed that all Chinese papers are to be allowed to publish Japanese advertisements. Those papers which had stopped publishing Japanese advertisements have resumed publication of the same since May 10, according to a report in the same paer.

NEW MILITARY POLICE TAKES GARRISON OF WAR ZONE

Units of the first Corps of the Special Military Police have taken over the garrison of the various districts in the Chihsien-Miyun Area, including Shunyi, Miyun and Tsunghua with headquarters at Shunyi.

The second corps of the Special Police Force is now concentrated at Tsaicheng, ready to enter Yutien in the Luantung Area.

JAPANESE MERCHANTS SHIP SOY BEANS TO CHINA

With the organization of Chinese Customs Houses along the Great Wall passes, the import of Manchurian soy bean has greatly increased. According to Customs authorities, already 5,000,000 bags of Manchurian soy beans have been shipped to China.

A group of Japanese industrialists headed by Nakamura, representative of Dakan (Dainippon) Cotton Mills, arrived in Shanghai for an extensive inspection tour of China.

Hu Cheng-chih, Publisher of the *Ta Kung Pao*, one of the most influential Chinese dailies in North China, left Tientsin for Japan May 9 to investigate the conditions of journalistic enterprises in the Island Empire.

The formation of a Sino-Japanese cultural society was proposed at a joint conference between Japanese and Chinese held at the Japanese Club in Boone Road in Shanghai on May 9. Dr. Kinoshita, Hon. President of Meiji University in Tokyo, Marquis Matsudaira and Dr. Shida, both professors of the same university, and seven Chinese delegates of alumni associations in Shanghai of the Imperial Universities, Waseda, Meiji, Keio Universities, and commercial and technical colleges in Japan, discussed the question. It was decided to appoint a committee to go into the details of the organization of such a society.

MAY 9, NATIONAL HUMILIATION DAY, OBSERVED IN NANKING

May 9, National Humilitation Day, was observed at a memorial service held at Central Party Headquarters, in Nanking on the day. Chu Cheng, President of the Judicial Yuan, in an address, said that mere observance of the Day is futile unless the nation bestir itself and make concrete efforts for self-preservation. On the basis of our national experience in the past few decades, and regardless of any changes in the international situation, President Chu continued, we must rely on our own efforts for the solution of our difficulties. In this task of national salvation, we should be guided by the dictates of morality, good faith and justice. In conclusion, Mr. Chu said that only through equity and justice can the various Sino-Japanese issues be amicably solved. Only through self-reliance and self-confidence can national self-preservation be achieved. Through peace and justice, the nation can overcome all difficulties. The day marked the 20th anniversary of the presentation by Japan of the notorious 21 Demands.

PANCHEN LAMA LEAVES LANCHOW FOR CHINGHAI

The Panchen Lama, Spiritual Leader of Tibet, left Lanchow at 7.30 a. m. May 11 for Hsining, provincial capital of Chinghai, by airplane and arrived there at 8.30 a. m. After remaining in Hsining for a few weeks, the Panchen Lama will continue his journey to Lhassa by air.

Tibetan residents in Peiping have filed a petition with the Executive Yuan requesting that Tibetan goods be treated as native products and therefore be subject only to levy of the interport duty upon entering the various ports through the Customs. Certificates should also be issued for goods from China entering Tibet by way of India so that they may pass unhampered.

A group of 16 Mohammedan students arrived at Nanking, May 8, from Sinkiang. They called on General Huang Mu-sung, Chairman of the Mongolian and Tibetan Affairs Commission, and reported on conditions among the Mohammedan population in Sinkiang. The students will petition the Central authorities to assist them in continuing their studies at the Capital.

The petition of the 12 Mongolian Banners in Charhar for reorganization into a League has been rejected by the Central authorities.

GEN. CHIANG KAI-SHEK URGES FUI L DEVELOPMENT OF RESOURCES IN YUNNAN

General Chiang Kai-shek, President of the Military Affairs Commission, and Madame Chiang arrived at Kunming, Capital of Yunnan, from Kweiyang by airplane May 10. They were greeted at the aerodrome by a big gathering of local officials, including General Lung Yun, Chairman of the Yunnan Provincial Government.

General Chiang was the guest of honor of a dinner given by General Lung Yun. In his speech of welcome, General Lung said that this visit of a high Central Government leader was unprecedented in the history of Yunnan. Declaring that Yunnan province has struggled consistently for the sake of the country and righteousness, he pledged his full support to General Chiang and obedience to his orders. In response, General Chiang stated that Yunnan, an important base of past revolutionary movements, has written a glorious chapter in the history of the Revolution. Pointing out the interdependence of the Central Government and Yunnan province, General Chiang said that he himself and General Lung have both shared in good fortune and difficulties. At the time he assumed his heavy responsibility in the Central Government, General Lung also took up his duties in Yunnan. It can therefore be said that both of them simultaneously took up the responsibility for the

Revolution handed down by the late Party Leader, Dr. Sun Yat-sen.

General Chiang Kai-shek gave the population of Yunnan a figurative pat on the back when he addressed a huge crowd at the weekly memorial service in Kunming on May 13.

He said he had heard that the people of Yunnan had not forgotten the four virtues of old China. This, he declared, would materially assist the development of the province along new lines. Yunnan was blessed by the possession of good soil, a good climate and good people, but they subsisted mainly on farming, which was not sufficient to make China a great country. There must be immediate efforts, continued the Generalissimo, to effect the industrialization of the country, which alone could place China in a position to better the walfare of the people and to lay the foundations for strength.

However, he concluded, since the population of Yunnan was especially favored by nature, the people could help the nation by more intensive promotion of the national economic reconstruction movement, particularly as regards the development of natural resources.

The remnant "Reds" invading Yunnan, defeated by the Central Government and Yunnan forces, are retreating westwards along three separate routes towards Wuting, 70 miles north-west of Kunming. The 1st "Red" army corps has reached the neighborhood of Wuting while the 3rd "Red" army corps has retreated towards Matai and Ningtsun. The 5th "Red" army corps is also making for Wuting while the 9th "Red" army corps is preparing bamboo rafts for crossing the Kin Sha Kiang (River) northwards to invade south-western Szechuan. The Yunnan and Government troop are giving chase to the marauders.

The *Kung Shan Jih Pao* in Hongkong on May 1 reported in the past week, the Communists who invaded Yunnan from Kweichow, had captured the districts of Lopin, Pinyi, Chuchin, Chuanyi, and Malung, and are threatening the Yunnan provincial capital. Government troops of Yunnan, Kweichow and the Central Government have been instructed by General Chiang Kai-shek to cross the Kinshakiang immediately to pursue the Reds.

The same paper reported that the Communists have captured the city of Yiliang, only 100 *li* from the Yunnan provincial capital. It is belived that these invaders have interrupted the service of the Yunnan-Annam railway.

The pontoon bridges built by the "Red" on the Kin Sha Kiang (River) near Pofanho, northern Yunnan, have been destroyed by the Government air forces. 3,000 "Reds," whose attempt to cross the River northwards to south-western Yunnan have been frustrated by the Government units and turned eastwards to Huanchow, northern Yunnan.

The main part of the Communists under Chu Teh and Mao Tse-tung is in the districts of Yuanmo and Wuting while part of them are attempting to invade the southern part of Szechuan in the vicinity of the Kinshakiang river, according to the *Shanghai Mainici*, on May 10.

NEW KWEICHOW PROVINCIAL GOVERNMENT COMMENCES TO FUNCTION

The new Kweichow Provincial Government was formally inaugurated at Kweiyang on May 8. The oath was administered jointly by Wu Chih-hui, member of the C.S.C., and General Chiang Kai-shek, President of the Military Affairs commission, on behalf of Central Party Headquarters and the National Government respectively.

GENERAL CHIANG ASKS FOR $200,000 FOR RELIEF IN SZECHUAN

General Chiang Kai-shek in a telegram to the Executive Yuan from Kunming, Capital of Yunnan, asking for the appropriation of $200,000 to Szechuan for emergency relief of the Communist victims in the recovered areas. Upon receipt of the telegram, it is learned that the Executive Yuan has instructed the Ministry of Finance to remit the sum to Szechuan accordingly.

MANY RED CITIES IN SZECHUAN RECOVERED

The Szechuan troops have made further headway in the drive against the "Reds" under Hsu Hsiang-chien in north-western Szechuan. Toutu Shan (mountain) and Chung-huayen, two strategic points along the Fow River, have been recaptured. Contact has been established between the Szechuan forces and the "Flying Column" attached to the 1st Government Division under Lieut.-General Hu Tsung-nan for a concerted attack on the "Reds" near Changming.

The city of Changming, 30 miles north of Mienyang and 13 miles south of Kiangyu on the western bank of the Fow River, was recaptured by the Szechuan troops May 7.

Chienkuo, the principal Red stronghold in northern Szechuan, has been recovered by the Szechuan troops under the command of Brigadier-General Liu, the city being completely occupied in the evening of May 9.

The strategic points of Paimiaotze, Kuanshanchang, Hsiangyangchang, Liyachang, Huanglienya and Lianghokow in Northwestern Szechuan have likewise been recovered by the Szechuan forces under General Liu Hsiang.

Defeat of General Liu Wen-hui's troops by the communists led by Hsu Hsiang-chien in a furious encounter at Ta-1 on May 9 was reported by *Rengo* on May 11. The report stated that the retreating forces were pursued by the Reds, who reached Ya-an on May 10, entered the Sinkiang Province, and are now on their way towards Kangting (Tatsienlu).

COMMUNISTS OCCUPY FOUR DISTRICTS IN EASTERN KWANGTUNG

Fenghwang, Tsinluantung, Nanshan, and Suanpushan form the four strategical bases of the Communists in the eastern part of Kwangtung. Reds in Fenghwang prove to be most powerful and are in constant communication with their comrades in Tsinluantung. One Government division is now engaged in the suppression of the Communists there, according to *Kung Shan Jih Pao*, Hongkong.

RED LEADERS IN KIANGSI FINALLY ROUNDED UP BY GOVERNMENT TROOPS

The last vestige of the Communists in Kiangsi is now obliterated, with the capture alive by the Government troops of the arch-communist leader, Hsiang Ying, who had been left behind to command the remnant Communists, when the main Red Forces under Chu Teh and Mao Tse-tung evacuated Kiangsi for Hunan and Kweichow last year. Hsiang had been in hiding at a mountain in Hsingkuo, southern Kiangsi, and was caught last week by the Government troops. In the meantime, Hsieh Kwai-shan, a leading member of the "Soviet Government" in Kiangsi and two other Red officers have also been captured in Juikin.

FORMER SHANTUNG WAR LORD EXECUTED IN NANCHANG

After being held in custody for two years, first at Hangchow and later at Nanchang, Lieut.-General Liu Chen-nien, former Commander of the 21st Division, was executed on May 13 by the Nanchang Pacification Headquarters in pursuance to instructions from General Chiang Kai-shek, President of the Military Affairs Commission. Liu was found guilty of instigating his soldiers to molest the people, disobedience to the orders of the superior authorities, and fomenting a mutiny of his men.

EX-MAGISTRATE OF CHUNGSHAN SHOT ON CHARGE OF CONSPIRACY

Chu Cho-wen, formerly magistrate of the Chungshan Model District, and until recently head of the Reconstruction Bureau, who was arrested a few days ago in Canton on a charge of sedition and conspiracy against the present Kwangtung regime, has been shot and killed by guards of the prison where he was being held. An official statement reports that Chu was shot dead when he attempted to break gaol.

GENERAL HO YAO-TSU ARRIVES AT TURKISH CAPITAL

According to information from the Ministry of Foreign Affairs, General Ho Yao-tsu, the first Chinese Minister to Turkey, has arrived at Angora, Capital of Turkey, and arrangements are now being made with the Foreign Office of the Turkish Government for an appointed date for the presentation of his credentials to President Mustaph Kemal. General Ho and his staff members reached Angora on the 7th inst.

Minister Kung in Report Says Military Expenditures Are Crux of China's Financial Problem

The following paragraphs are extracts from the Report issued by Dr. H. H. Kung, Minister of Finance, covering the 21st and 22nd fiscal years, July 1932 to June, 1934, of the National Government. The Report was addressed to the Political Council of the Central Executive Committee and was dated Feb. 26, 1935, but it was only made putblic this week.

IT is most regrettable that in spite of the fact that total revenues were well maintained, the impossibility of maintaining curtailment of expenditures forced the Government back into the situation of relying upon loans for a part of current expenditures.

When I assumed office, November 2, 1933, the campaign against the communist-bandits in Kiangsi Province was being actively prosecuted and the Yellow River was in flood. Soon thereafter came the Fukien rebellion. Under these conditions, it was not feasible at once to cut expenditures to any considerable extent. Therefore attention was first concentrated upon development of revenue. The Government increased the consolidated taxes on rolled tobacco, matches and cement; introduced import duties on rice and wheat and increased existing duties on wheat flour, kerosene, gasolene and a few other articles; and took steps to improve and strengthen the Salt Revenue Administration. Nevertheless, in order that the Government's financial position should not be impaired, expenditures were curtailed as soon as the Fukien revolt was suppressed, in January, 1934. Heavy military expenditures are still the crux of the financial problem, and a severe drain upon the economy of the country. During the fiscal years just past, military expenditures were $321,000,000 and $373,000,000 respectively. The increase in these amounts as compared with earlier years results in part from the fact that payments (and also receipts) include figures for areas for which budgetary statements were not previously available and from transfer to the accounts of the Ministry of Finance of certain military expenses of an inter-departmental character.

Furthermore, military outlay in the past two years has included payments for reconstruction, notably for road building and rural rehabilitation in areas recovered from the communists. Nevertheless, even allowing for these facts, military expenditures during the past two fiscal years were practically as large as in the preceding two years.

Prices of Domestic Bonds Improve

Notwithstanding untoward events the prices of domestic bonds have materially improved during the period under review. Likewise the prices of external issues have risen considerably.

The surtax for flood relief, originally levied at the rate of 10% on import and export duties, was reduced to 5% from August 1, 1932. From that date a revenue surtax of 5% on import and export duties was imposed, originally for a period of one year, but in view of the urgent need for revenue the Government has ordered the continuance of this surtax until June 30, 1935.

Export Duty to Be Abolished Eventually

During the current year, certain steps were taken in the direction of freer trade. From February 1, 1933, the interport duty on rice, paddy and wheat was abolished. Also, in October 1933, the long-standing embargo on the exportation abroad of rice and other cereals was abolished, and exportation of these commodities was permitted free of export duty. In order further to encourage China's export trade considerable revisions, practically all by way of reduction, were recently made in the export tariff. During the current year it is intended to make very substantial reductions of and exemptions from export duty, with a view to substantially abolishing it at an early date.

The high tariff rates have naturally proved a strong incentive to smuggling. In order to combat this evil a Preventive Department of the Customs was inaugurated in 1931 and is being developed on well-organized lines.

Customs Revenue 1912-1934

The amount of maritime and native customs collections since 1912 (including import, export and coast trade duties and transit dues but excluding famine, flood relief and revenue surtaxes) is shown in the following table:

Calendar year	*Gross revenue including tonnage dues. Approximate amount of silver dollars*	*Calendar year*	*Gross revenue including tonnage dues. Approximate amount of silver dollars*
1912	$ 66,743,000	1924	$115,052,000
1913	73,069,000	1925	116,224,000
1914	65,914,000	1926	128,733,000
1915	63,149,000	1927	112,985,000
1916	64,674,000	1928	133,940,000
1917	65,381,000	1929	245,226,000
1918	62,817,000	1930	291,697,000
1919	78,684,000	1931	386,912,000
1920	84,451,000	1932	287,888,000
1921	91,899,000	1933	311,260,000
1922	98,079,000	1934	306,186,000
1923	105,935,000		

The gross yield of the several sources of customs revenue is shown below, including the yield of flood relief and revenue surtaxes not included in the above table:

Source	1932	1933	1934
Import duty	$236,291,000	$265,610,000	$260,215,000
Export duty	26,778,000	23,245,000	24,701,000
Interport duty	20,552,000	18,003,000	16,968,000
Tonnage dues	4,267,000	4,402,000	4,302,000
Sub-total	$287,888,000	$311,260,000	$306,186,000
Flood relief surtax	19,022,000	14,136,000	14,242,000
Revenue surtax	5,065,000	14,127,000	14,217,000
Grand total	$311,975,000	$339,523,000	$334,645,000

Drop of One-Third in 1933

A fall in the value of imports passing through the customs is largely responsible for the decline in yield from the 1931 level. In 1933, there was a drop of approximately one-third in the value of both imports and exports of commodities as compared with 1931, after allowing for the fact that figures for the four Northeastern Provinces have not been included in the returns since June, 1932. In 1934 total trade declined 20% as compared with 1933.

Part of the decrease in revenue since 1931 is due to the seizure of the customs revenue in the Northeastern Provinces, which revenue in 1931 amounted to about $40,000,000 (including collections at Dairen). None of these revenue collections since the seizures during the first half of 1932 has been made available for service of China's customs-secured obligations, despite the undertakings that such contributions would be made. Furthermore, about two-thirds of the customs revenue balances seized are still detained.

Salt Revenue

During the period under review salt revenue collections have progressively increased. The following table shows collections by bthe Inspectorate of Salt Revenue from 1913 to 1934 (calendar years), revised to the uniform basis of the standard silver dollar:

Year	*Gross Revenue*	*Year*	*Gross Revenue*
1913	$19,044,200	1924	$87,908,600
1914	68,483,300	1925	91,931,600
1915	80,503,400	1926	86,317,200
1916	81,064,800	1927	59,753,300
1917	82,245,800	1928	54,276,600
1918	88,393,700	1929	85,370,500
1919	87,822,500	1930	129,693,000
1920	90,052,400	1931	155,112,600
1921	94,883,100	1932	145,292,200
1922	98,106,700	1933	159,247,100
1923	91,406,700	1934	175,950,000

The decrease shown for 1932 is attributable to the seizure of the entire salt revenue collections in the Northeastern Provinces. Leaving these collections out of account, the rate of increase in the last few years has been even greater than indicated in the above table.

Internal Revenue Administration

During the period under review the tax system was further unified by transferring the mineral products tax to the charge of the Internal Revenue Administration, and by developing its administration in harmony with that of the consolidated taxes. Steps were also taken to bring the administration of the wine and tobacco taxes more closely into line with the system that has proved so successful in the consolidated taxes proper. On the other hand, pursuant to decisions reached at the second National Financial Conference in May, 1934, and in order to stimulate the interest of local authorities in the enforcement of the stamp tax, a considerable portion of the revenue derived from the stamp tax has been allocated to provincial and local governments. The inspection of the stamp tax will be carried out by the municipal and district governments, subject to supervision by officers of the Ministry of Finance. The administration of the wine and tobacco license tax was turned over to the provincial governments as from July last, and thus assimilated more closely to the provincial business tax.

Revenues have continued to show a satisfactory increase, under steps taken from time to time as conditions permitted to extend the application of the taxes and to adjust the rates in such a way as to increase revenue without unduly burdening business, on the well-being of which revenue collection necessarily depends. Gross collections of the five principal consolidated taxes exceeded $85,000,000 in 1933 and $110,000,000 in 1934. The expense of collection was relatively small. Revenue received from wine, tobacco and stamp taxes, which came under the Internal Revenue

Administration only at the beginning of the 21st fiscal year, increased the total revenue collected by the Administration to more than $100,000,000 in 1933, but the cost of collection of this additional revenue was relatively larger because of the great number of points of collection.

Rolled Tobacco Tax

At its inception the rolled tobacco tax was collected on the basis of a seven-fold classification of cigarettes, modelled after the classification in use for the customs import tariff. In October, 1930, a three-fold classification was substituted, and with the institution of the revised import tariff at the beginning of 1931 rates were adjusted in accordance with the new tariff. Following transfer of the collection of the tax on imported cigarettes to the Customs, the classification of domestic-made cigarettes was revised into two classes in March, 1932, and rates were somewhat increased. In December, 1933, rates were again revised, and a considerable increase of revenue has resulted.

These changes in classification and rates should be borne in mind in noting the steady growth of revenue from the rolled tobacco tax since its inauguration, as shown by the following approximate figures:

1928 (11 months)	$12,000,000
1929	33,000,000
1930	35,000,000
1931	50,000,000
1932	55,000,000
1933	58,000,000
1934	71,000,000

Flour Tax

The revenue from the flour tax suffered severely during the Shanghai incident of 1932, but in spite of unfavorable conditions that have continued to affect the flour market, the average monthly revenue derived during 1933 was about 15% larger than the average in 1932, while collections in 1934 were larger than in any previous year.

Cotton Yarn Tax

Although the cotton yarn market has for some time been depressed, total collections of cotton yarn tax during 1932 exceeded $18,000,000 and reached $23,000,000 in 1934. Measures are now under consideration by the Cotton Commission of the National Economic Council as well as by the Ministry of Finance for the rehabilitation of the domestic industry. No change has yet been made in the cotton yarn tax, but revision is under consideration.

Wine and Tobacco Tax

A number of improvements have been introduced in connection with the wine and tobacco tax. A system of uniform flat rates on native wine within each province was established and the collection system brought more directly under control of the provincial bureaus and sub-bureaus responsible to the Internal Revenue Administration. An important development in connection with the tax on foreign-style wines and liquors is the tax on beer, which has been operated as a consolidated tax collected at the breweries. A uniform specific rate has been substituted for the former *ad valorem* rate.

Second National Financial Conference

The Second National Financial Conference, comprising representatives of the national and provincial authorities, was convened at Nanking during May last. The principal decisions of the conference were: (1) reduction of farm taxes and reform of the land tax; (2) abolition of exorbitant taxes and levies; (3) reform of the business tax; (4) reduction of provincial and local expenditures to facilitate stabilization of budgets; (5) setting aside part of the proceeds of the stamp tax revenue for subsidy to provincial governments and transfer of the tobacco and wine license tax to the local authorities; and (6) increased co-operation between national and provincial authorities in regard to taxation.

National Debt—More Loans Issued

During the fiscal year ended June 30, 1933, for the first time since the establishment of the National Government, it was unnecessary to float new issues of internal bonds for general purposes. However, the fighting in North China necessitated the issuance in February, 1933, of the 22nd Year National Defence Treasury Notes (Hopei Province), in the amount of $20,000,000. This fighting, together with heavy military expenditures in the campaign against the communist-bandits in Kiangsi Province, made it necessary to contract also an increased amount of floating debt. As a consequence, by October, 1933, it again became necessary to issue loans, and the following loans were floated:

Date	*Name of issue*	*Amount*
October, 1933	22nd Year Customs Treasury Notes	$100,000,000
January, 1934	23rd Year Customs Treasury Notes	100,000,000
January, 1934	Italian Boxer Indemnity Loan	44,000,000
Total		$244,000,000

The 23rd Year Customs Treasury Notes were issued to repay advances already made by The Central Bank of China.

Also in October, 1933, a five year loan of $4,000,000 was issued to meet the costs of rehabilitation of the war zone in North China, on the security of certain salt and other revenues in North China.

During 1934 two loans for railway construction were issued jointly by the Ministries of Finance and Railways: The Yushan-Pinghsiang Railway Loan of the 23rd Year amounting to $12,000,000, for completion of the railway in Chekiang and Kiangsi provinces connecting Hangchow with Nanchang and Pinghsiang; and the 23rd Year 6% Sterling Indemnity Loan for £1,500,000 to complete the Canton-Hankow railway.

In 1933 settlements were concluded whereby the Dutch and Italian portions of the Boxer Indemnity are remitted to China.

During the period under review, progress has been made in respect of debts in arrears. The Government has completed payment of arrears due from salt revenue to holders of the Anglo-French Loan of 1908 and has adopted a program for payment of the remaining arrears of principal of the Crisp Loan of 1912. Recently the Ministry of Communications has made settlements of obligations long in arrears. Also progress is being made toward settlement of railway debts in arrears.

It is to be regretted that the succession of external and internal crises, the increasingly severe effects of economic depression and natural calamities, and the impossibility under existing conditions of maintaining the curtailment of expenditures attained during 1932, have made it difficult as yet to effect settlement of other debts in arrears. The Government, however, intends to deal with this complicated problem as soon as conditions permit.

U.S. Cotton and Wheat Loan

Owing to various circumstances the entire amount of the credit could not be utilized, and in February, 1934, by agreement between the National Government and the Reconstruction Finance Corporation, the amount was reduced from U.S.$50,000,000 to U.S.$20,000,000, of which U.S.$10,000,000 was to be used for cotton, U.S.$6,000,000 for wheat and U.S.$4,000,000 for flour. It is gratifying that all the cotton and wheat was sold for enough to cover the purchase cost plus freight and insurance; and although some merchandising loss has been incurred in the case of the flour, this affects only about 6% of the entire amount utilized out of the credit. There has been some operating loss on the transaction, but this loss is accounted for in its entirety (except as to flour) by certain exceptional charges inherent in the loan arrangements.

It is estimated that the net proceeds of the loan after allowing for all expenses and for repayments of principal up to March 1, 1935, will amount to about $38,000,000 including approximately $3,844,000 paid and to be paid for duty and surtax. The estimated cost of the entire loan is about 8.5% per annum.

Pursuant to the decision of the Government, the proceeds of the loan are being devoted exclusively to productive purposes. Appropriations of the proceeds to February 25, 1935, have been as follows: $3,800,000 for repatriation of farmers in the communist-bandit-affected areas of Kiangsi; $300,000 for relief of famine in Szechuan; $12,600,000 for reconstruction work of the National Economic Council; and $15,000,000 transferred to the Central Bank of China for currency reform. The National Economic Council, at its plenary meeting held at Nanking on March 26, 1934, decided upon utilization of funds for various constructive purposes including highways, reconstruction in Kiangsi and the Northwest, health enterprises, improvement of the silk, tea, cotton and fuel industries, and research.

Central Bank of China

(Tables covering the operation of the Central Bank show that the assets grew from $47,470,796.35 in 1928 to $478,240,245.53 in 1934.)

Silver Export Duty Imposed October 15, 1934

On October 14, 1934, the Government, after full consultation with leaders of business and finance, ordered the application of the export duty and equalization charge on exports of silver effective Monday, October 15. The export restrictions were necessary to safeguard the metallic basis of China's currency against unprecedented drain. Imposition of restrictions was desirable in order to check the advance of exchange rates out of line with the general level of world commodities, which was tending to stifle China's trade and to aggravate the harsh deflationary forces which had been operating in China since depreciation of leading currencies began in 1931. The silver drain has caused extreme contraction of currency and credit. During the latter half of 1934 interest charged by native banks to customers rose from the equivalent of around 6% per annum to 26% about January 1, 1935. Although lower rates have been nominally quoted since the financing of the Lunar New Year settlement, this did not represent real improvement since it has been practically impossible to borrow at any rate regardless of security. The tightness of money has led to sales of foreign exchange for cash at a premium over forward delivery which at times has worked out at nearly 30% per annum for one month's loan. Notwithstanding the tendency to world-wide recovery, the silver difficulties have caused China's economic situation to continue to deteriorate in the last six months. Total foreign trade in the last half of 1934 was 13% below the first half, and 18% below the second half of 1933. Since July, 1934, the value of government and industrial securities and real estate has shrunk by 10 to 15%. Business failures and unemployment are widespread.

The financial situation continues to be determined primarily by military and debt expenditures:

Year ending June 30	Military expenditures: Amount	Military expenditures: Percentage of net total payments	Loan and indemnity service: Amount	Loan and indemnity service: Percentage of net total payments
1929	$210,000,000	50.8	$158,000,000	38.3
1930	245,000,000	45.5	200,000,000	37.2
1931	312,000,000	43.6	290,000,000	40.5
1932	304,000,000†	44.5	270,000,000	39.5
1933	321,000,000†	49.7	210,000,000	32.6
1934	373,000,000†	48.5	244,000,000	31.8

The reduction of debt expenditures in the fiscal year ending June 30, 1933, was due partly to the internal debt reorganization in February, 1932, and partly to depreciation of the U.S. dollar and the pound sterling, which reduced the amount of silver required to effect the service of foreign loans. In the last fiscal year, however, debt payments again increased because of the flotation of additional internal loans.

The following table summarizes the budget estimates for the current fiscal year:

REVISED ESTIMATES OF REVENUES AND EXPENDITURES FOR THE FISCAL YEAR ENDING JUNE 30, 1935.

I. REVENUES:

1.	Salt Revenue	$190,353,851
2.	Customs Revenue	382,814,241
3.	Tobacco and Wine Taxes	23,104,873
4.	Stamp Tax	12,884,286
5.	Consolidated Tax	116,959,679
6.	Mining Tax	2,724,979
7.	Stock Exchange Tax	100,000
8.	Tax on Bank Notes Issue	1,600,000
9.	Government Property Receipts	5,544,878
10.	Government Enterprise Receipts	21,304,060
11.	Government Administrative Receipts	12,517,086
12.	Receipts on Government Business Enterprise	8,349,567
13.	Remittance from Provincial Governments ...	6,588,000
14.	Receipts from Loans	50,000,000
15.	Miscellaneous‡	83,265,534
		$918,111,034
	Less: Cost of Support of Revenue Services	64,898,181
	Total	$853,212,853

(The corresponding total for 1933 was $671,924,755.91; for 1934, $828,711,688.16).

II. EXPENDITURES:

1.	Party Expenses	$ 5,720,700
2.	Expenses of the National Government Council and Organs Directly Subordinate to it	12,788,280
3.	Military Expenses	332,990,910
4.	Interior Affairs Expenses	4,535,869
5.	Foreign Affairs Expenses	8,826,886
6.	Financial Affairs Expenses	3,294,633
7.	Educational and Cultural Affairs Expenses ...	33,819,365
8.	Judicial Affairs Expenses	2,963,910
9.	Industrial Affairs Expenses	4,134,390
10.	Communication Affairs Expenses	5,199,752
11.	Mongolian and Tibetan Affairs Expenses ...	1,435,520
12.	Reconstruction Affairs Expenses	35,989,036
13.	Capital Fund for Government Business Enterprises	50,318,716
14.	Subsidies	82,559,935
15.	Compensation and Awards	3,761,665
16.	Loan Service	257,530,231
17.	General Reserve	7,343,05
	Total	$853,212,853

Strict Economy Necessary

The guiding principles for the future financial policy of the National Government must be, on the one hand, strict economy in expenditures, and on the other hand, careful selection and development of revenue sources. Reduction of expenditures depends upon internal and external political conditions. The progress made in reducing the communist-bandit menace gives ground for hope that military expenditures can soon be materially reduced. Also strict economy in administrative expenditure is being enforced. During my period of office circumstances have made it necessary to devote chief attention to meeting the immediate needs of the Government. From now on, however, the Government should devote its major efforts to economic reconstruction.

†Including payments made in prior years amounting to $49,000,000 in 1931-32; $59,000,000 in 1932-33; and $46,000,000 in 1933-34.

‡Including proceeds from the American Cotton and Wheat Loan, the loan for the Huai River Conservancy Board, and loans made by the Ministries of Railways and Communications from the British Boxer Indemnity Refund, ect., $76,007,174.

The Necessity for Economic Reconstruction

The problem of economic reconstruction in China is inextricably bound up with the problem of Government credit. Consequently progress in dealing with the one problem must depend largely upon progress in dealing with the other. A program for accomplishing the desired ends must involve: (1) Establishment of a more effective budgetary system, embodying in particular definite control of expenditures. (2) Settlement of debts in arrears. (3) Reform of salt revenues, eliminating surtaxes, standardizing rates, improving the quality of salt, and imposing more effective control over the production and movement of salt. (4) Adjustment of tariff rates to produce the maximum of revenue, without unduly interfering with the trade in articles essential for industrial and personal consumption. Export trade should be encouraged by reducing or even waiving export duties wherever possible and desirable. (5) Continued effort to regularize and moderate provincial and local taxation and to develop it in harmony with national taxation. (6) Encouragement and rationalization of leading industries, such as production of cotton yarn and piece-goods, silk, etc. (7) Measures to stabilize the monetary situation, including standardization of subsidiary currency, in order to relieve production and trade of unnecessary hindrances. (8) Improvement of communications, particularly development of railways and highways. (9) Rehabilitation of agriculture and development of China's rural economy, which is the backbone of the country.

Chinese and Foreign Press Join in Commending Dr. Kung's Work

The Chinese press unanimously praised the action taken by the Ministry of Finance as outlined in Dr. H. H. Kung's report. The *Shun Pao* praised the persistent struggle of the country's financial authorities in the face of serious difficulties to restore the country to a normal basis. The *China Times* commented that unless a strict and effective budgetary system is introduced no balance of revenue and expenditure can be expected, and unless debts in arrears are settled no confidence in Chinese credit can be obtained.

The Shanghai *Evening Post* commented that Dr. Kung had given a good account of his stewardship. "An excellent program, now all that need be done is to proceed! And a good start has been made."

The *North China Daily News* commented: "Dr. Kung's report frankly recognizes the main cause of China's financial difficulties. . . It is, therefore, all the more creditable that Dr. Kung and T. V. Soong, before him, have been able to achieve so much."

The *Shanghai Times* commented:—"We do not think that any will be found who will desire to quarrel with this program of Dr. Kung. But it is a very big program and it strikes us as essential that Government should concentrate on a comparatively few things first rather than allow its energies (and funds) to be dissipated by being spread over too many objects at one and the same time. As it is, we think that Dr. Kung is to be congratulated on having achieved some remarkably good results in the teeth of the most formidable difficulties during the short time he has been at the Finance Ministry."

National Government Enjoins Curtailment of Expenditure

The National Government has issued a circular order to the various organs enjoining them to curtail all unnecessary expenditure particularly construction expenses for buildings. A hint is also given that official salaries may be reduced.

Banks in Amoy Refuse to Pay Out Silver

All banks in Amoy except the Bank of Communications are refusing to cash bank notes because of the shortage of the white metal in the city.

Because the value of paper notes issued by Shanghai banks is continually decreasing the provincial government of Kwangsi has been forced to instruct the local authorities to refuse tax payments made in Shanghai paper money.

Canton Silver Reserve Drops Heavily

The reserve of silver at Canton is reported to be decreasing every day and the total amount of the white metal in the banks there is less than one half of the amount a few months ago. The market in Swatow has been swamped by paper notes.

Japanese Military Police Help Chinese to Arrest Korean Silver Smugglers

The Japanese military police stationed in Shanhaikwan last week arrested the leaders of a Korean smuggling gang. The arrests were carried out after Chinese customs officials had discovered a band of Korean silver smugglers. Koreans have been making a regular practice of withdrawing silver from Tientsin banks and shipping it north.

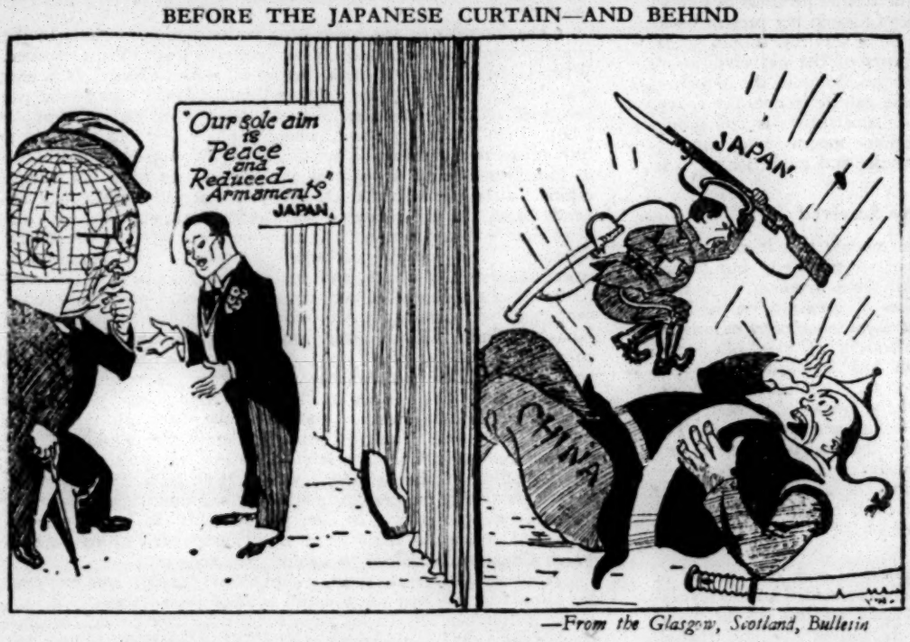
Japanese "Cultural" Conquest of China Means Intellectual and Economic Stagnation

BY HSUEH HAI-LUN

THE publication in the April number of *Asia* magazine of an article by Edgar Snow entitled "Japan Imposes Her Culture," seems to have aroused a good deal of controversy in academic circles. The aim of the article was to pose the question of whether or not Japanese political hegemony would imply also cultural hegemony in China, and Snow describes the increasing "Japonization" of the four million Formosan Chinese and the program for keeping the thirty million Manchukuoans under cultural control.

The arguments advanced against Snow's thesis are that Manchuria and Formosa prove nothing, not being organically of the body of China proper, and that the Formosans have already forced the granting of autonomy reforms; that the Japanese are not a sufficiently advanced people to make effective "colonizers" and can always be outwitted by the cleverer Chinese; that they will merely "develop" China, so that China can take over the benefit of this modernization at some future time; that nobody—neither Japan nor "China" herself—can fundamentally change the vast cohesive illiterate masses of China; in short, that Chinese culture has always and will always "absorb" her conquerors, hence no one need become unduly alarmed even if it is shown that Japan can successfully establish political hegemony over the once-Celestial empire.

BEFORE THE JAPANESE CURTAIN—AND BEHIND



—From the Glasgow, Scotland, Bulletin

Snow certainly did not adequately dispose of the validity of these arguments; but in fact could have made his position somewhat more positive. At any rate, the article was well-timed and raises a question fraught with immediate and far-reaching interest. The cultural future of China (and the term culture, of course, is here used in its largest sense, as describing the basic way of life of a given civilization) is not going to be a vacuum process apart from the historical future of the rest of the world. It is the central question in Asia today, and on it perhaps depends the whole future relationship between the East and West generally. Obviously the future of the Great Japanese Empire depends upon the winning of China to her racialistic Back-to-Asia, anti-western isolationist ideology, built solidly upon a Sino-Japanese economic bloc, as the cornerstone of Imperial Japanese prosperity. What then would become of all the forces for internationalism that have been building in the past few years? After fifteen seasons of Japan-edited textbooks what would happen to the mind of China? Does Chinese culture reside mystically in the germ-plasm of Chinese babies, or must it be renewed with each generation? If it can be changed with each generation by social, economic and political pressure, the question takes on considerable significance.

Modern Intellectuals Prepare Themselves for the Future

In point of fact, the answer is already forming itself. In North China today an increasing proportion of the conscious group of modern intellectuals upon whom the hope of "nationalist" China lay are already neatly preparing themselves for the future. It is estimated, for instance, that perhaps some three thousand students and professors are now studying the Japanese language furiously, and the number is increasing. (In Japan of course, there are thousands more on the perennial pilgrimage for knowledge.) Business men, employed and unemployed political hopefuls, are sedulously cultivating the friendship of Japanese officialdom and thinking up excuses to rationalize the logical necessity of their position. As for the erstwhile patriotic youth in the colleges, their little holiday of freedom is over. In case any anti-Japanese activity is suspected students are immediately arrested to prevent the conflagration from spreading. In one case at least, in a Peita dormitory, students awoke one morning to find one of their comrades' rooms "Sealed by the Order of the Imperial Japanese Government."

The largest group, however, refusing as yet to become opportunists, sit back silent and helpless, but not hopeless, for they believe that Japanese attack is a mere fleabite, and that eventually—after a hundred years or so—China will brush Japanese influence away with a flick of a long Confucian sleeve of "culture." It is these last who are particularly annoyed at the suggestion that this may not be so easy. Their indignation suspiciously resembles the early-morning remarks of the dreamer who has just had his down-pillow of wishful thinking snatched from under his head, and must look about him at the chill ugly world of facts.

This psychology was once satirized with rare genius by Lu Hsun in that most famous of modern Chinese stories, "Ah Q." Ah Q was a very downtrodden gentleman who had somehow or other to rationalize all the various defeats and humiliations of life — or commit suicide in despair. His device was simple but effective, though psychologically rather complex to one not trained in the Confucian tradition. It consists first in calling the victorious antagonist by that dread epithet "my son," thereby implying the natural superiority of a father. Repeating this idea in "Coue" fashion as he picks himself up from the roadside where he has been kicked, he finally persuades himself that by the magic of words, the other chap has really been relegated to the lowly position of being his "son," and limps off to the village wineshop perfectly sure of being the "superior man." No "son" can possibly approach the excellence of a father. If the "son" magic is not entirely convincing, Ah Q sometimes slaps himself viciously on the face, by virtue of which he feels compensated for not daring to "hit back." He argues to himself that he has given a good slap, even if it were only himself that he hit!

It is by exactly this same process that Chinese intellectuals today try so pitifully to rationalize Japanese conquest. No "son" can ever become superior by merely kicking an old man into the gutter. China is the acknowledged "father" of upstart little Japan, with her very bad manners, and can afford to sit back in silent scorn, accepting the humiliation of physical defeat with equanimity. This national Ah Q-ism goes deep; how often it has been called into play in the years of subjection that China has suffered under the "barbarians!" Of course, if the basic tenet that no son can ever surpass his father is true, the axiom has validity. But in the fast-moving modern world sons have an irritating way of going far beyond the sleepy moral superiority of their hidebound fathers. That impudence is certainly bumptiously displayed by little sabre-clanking Japan standing beside her fortress of factories and shops.

The idea of "culture" is a kind of religious sacred cow in China, the mystical efficacy of which is held not open to question. But, after surveying the shifting elements in the Chinese social structure today, it is pertinent to inquire whether or not those who believe in the triumph of Chinese culture over all obstacles are not placing their faith blindly in the lock on the stable-door after the "cow" has already been stolen. Has not that unique institution already disintegrated beyond repair by the long-continued assault of the outside world, including Japan?

When a Truism Falls to Pieces

That the immense absorptive powers of China biologically and culturally have historically been her greatest defense is a truism, of course, but of what use is it to belabor a truism that falls to pieces in your hands like a rotten old tapestry? Any sociologist today can demonstrate that, even in the interior villages, the old basis of life has already broken down, under pressure of shiftings from a primitive and static agricultural economy to a modified

form not yet determined. This impulse has gone out from the coast cities and inland travel-ways in ever-widening waves.

Chinese "culture" did not change during those hundreds of years of semi-isolation, could not change, because her tools of production did not change. In fact, in many places they even today closely resemble recently uncovered Neolithic remains. But the Peking Man did not drive a Ford. City industry, international trade, mercantilism, overpopulation, poverty due to too much pressure upon the available means of subsistence, are everywhere breaking down the old forms. The ancient *sih*-village unit has almost completely disintegrated. The patriarchal family system loses validity daily; with it goes ancestor-worship and all phases of Confucianism. The question remains, not whether or not the old culture will "absorb" Japan, not whether it will survive as a body, but merely what forms the new China will take, and specifically what forces will direct it? Who will be its guardian and school teacher?

But, given power to control, what would be the policy of Japan toward the development of Chinese culture. Obviously she cannot restore vitality and creative genius to the old culture even if she wished. At most she can only inject a little heroin into the withered arm. But she can arrest the further progress of China; she can be a powerful force for keeping China in her present backward state, and it is imperative to her plans that this should occur. If it is desired to preserve the fragments of the old civilization, perhaps Japan is the best agency. Like the Mongols, the Manchus, the Tartars, possibly she will use Chinese culture to conquer China. A Confucian, fatalistic nation ridden with superstition, is very simple to control—especially if addicted to opium-dreams under supervision, revenue from which maintains armies and gunboats for use in case of any attempt at rebellion.

Why Chinese Culture Survived

In this connection it must be remembered that it was not in spite of her conquerors that Chinese culture survived, but rather in large measure *because* of them. All these invaders were wise administrators. In building their edifices of empire upon the inert masses of China, they recognized very well the advantages of bolstering up Confucianism, with its rigid hierarchy of blind obedience. It was these alien dynasties who, with Machiavellian shrewdness, were most ardent in their insistence upon the Confucian ceremonies, upon the rebuilding of the temples and the encouraging of the old religions and old superstitions making for fatalistic submission. The old Chinese social structure was ideal for their purposes just as any despotism is ideal for the establishment of a new despotism—merely a change of personnel in office. It maintained in power governments of necessity deeply reactionary, of necessity opposed to change, of necessity backward in outlook, of necessity the enemy of creative new forms.

It is a curious fact that the inception of each new period of foreign rule in China has almost invariably coincided with a revolutionary period of mass pressure for radical reforms in the social system; reforms which never resolved themselves into constructive change because at the moment of crisis, the native ruling minority, unable to withstand the tremendous forces against them, *joined with* the barbarian invaders; in fact, invited them in as mercenary troops to put down the revolution on their hands, thereby resuscitating a dying order. Thus the languishing T'ang and the Later Chou ruling hierarchy bargained with the Nuchen Tartars, gradually giving them control of North China, much as Japan seems to be acquiring it today. Thus many of the Sung ministers helped the Mongols destroy their own armies, just as the Neo-Confucianists defeated Wang An-shih's struggle for social readjustment at the court.

The last act of the Ming Court at Peking to save itself from the rebels under Le Tzu-ch'eng, was to open the gates of welcome to the Manchus. Finally, it was the potent Chinese mandarin, Li Hung-chang, who kept alive the alien Manchu Dynasty for an extra half-century. Rather than compromise with the great agrarian revolt of the T'ai-pings, the despised Western "foreign devils" were invited in to aid in the suppression, and incidentally loot and plunder South China.

How deeply these periods of subjection have marked China it is impossible to judge, but the pitiful lack of "morale" among the Chinese people is a great indication. And of great importance to present-day China is the realization of the influence of the Ch'ing rulers in preventing the modernization of China and in destroying all attempts at change, while Japan during those years forged gaily ahead with the Mikado's banner flying.

Therefore, it is not to be supposed, as Snow seems to imply, that Japan will impose *her* culture upon China; that she will be any more desirous of "modernizing" China than have past conquerors. If it is true that she is Japonizing Korea, Formosa and Manchuria, it is because she regards those places as physical limbs of Japan, closely controlled and sharing in the development of empire (in fact, Japan-educted Formosan Chinese are being used to tutor the Manchukuoans in their new role). But China proper would occupy a different position in relation to the "motherland."

What will determine Japanese "cultural" policies in China proper are Japan's economic requirements. These are, as Foreign Minister Hirota has recently very frankly stated, the need of a "market for Japanese (and Manchurian, Korean and Formosan "Japanese") manufactured products;" and as General Dohihara has equally frankly announced "a source of raw materials for our Japanese industries."

Thus, Japanese conquest cannot be compared with that of a handful of wandering nomads looking for a golden roof to sleep under. Japan is a state; more than that she is a modern, industrial, trade-seeking nation whose enrichment depends upon the economic exploitation of the four hundred millions of China as a "colony", in the 20th century sense of the term. She will not be content with a mere collection of taxes, as previous alien emperors have been. Luxury-craftsmen in Peking will not grow rich from the Japanese court. Japan will not make her "home" in China. Her "London" will remain in Tokyo. (And she is no more likely to be "absorbed" by China than England by India, or than the foreigners in China treaty-ports have shown any signs of disappearance either as a result of Chinese culture or fecundity.) Previously the loot of conquest remained in the country and eventually fell as heritage to the Chinese. But Japanese conquest will be on a different principle. Her exploitation will come from without; profits will go away from the shores of China forever. This is the difference between modern industrial imperialism and the older forms of conquest by feudal overlords.

The interests of the conquering nation and the colony in the modern world are unavoidably at opposite sides of the balance. What Japan profits must be a loss to a colonial China. It is true that "a fair exchange is no robbery," but colonial nations are not permitted to talk of fairness. Japan's people will grow fat on the labor of the Chinese peasant, whose produce she will buy at her own prices as raw materials, which she will manufacture and re-sell to him plus as large a profit as she can squeeze from his meagre capital. It is true also that the prosperity of Japan ultimately depends upon the prosperity of the Chinese market; but at the same time it depends upon the cheapness of her source of raw materials. The colonial purchaser is not likely to be permitted to amass much surplus wealth, and dominant industries must be concentrated in the hands of the dominant nation—just as is today happening to China's textile industry. In other words, under Japan's thumb China must unavoidably remain economically colonial—even without open political hegemony. She will not be permitted to industrialize. She cannot become a modern state. For Japan it is imperative that she remain agrarian, politically weak, and culturally backward. If Japan could by some magic improve agrarian conditions and communications in China, thereby increasing her market potentialities, it would be to her interest to do so. But Japan cannot "help" China, even with the best of intentions; she cannot even help her own starving peasantry. In fact, she can only aid her own overpopulated country at the expense of overpopulated China—a help which China can ill afford to render gratuitously.

Japanese conquest, in short, would mean (her economic conquest has already meant) that China could not become a modern, democratic, liberal, capitalist nation; that China could not develop naturally. Undoubtedly it would mean a period of stagnation, degradation and intensified poverty—at least in comparison with what China might achieve if granted the luxury of self-determination. Japanese cultural tutelage, if intelligently administered, would not be likely to bring in any *modern* ideas of political, social, philosophical, or psychologically *progressive* tendency. That would be to dig her own grave. Rather she would like to see China put back in the old coffin labelled "Wang Tao," that she has found useful enough in Manchukuo. One ancient and honorable form she would particulary encourage—the cultural form known as *agri*-culture, in all its primitive simplicity. But the mischief has already been done—not even the samurai can succeed in burying China again in her past. Eventually, the basic problems of China must resolve themselves from within. And a period of foreign control must result in more, not less, revolution, blood and turmoil at some future date.

Peiping, May 12, 1935.

High Court Extradites Suspected Chinese Communist—Holds Unidentified Foreigner

Judge Yoeh in the Kiangsu High Court May 11 refused to extradite the unknown foreigner, being held by the Shanghai Municipal Police for suspected Communist activities, to the Shanghai-Woosung Garrison commander. The man was remanded to the Settlement Police for further investigation. Loh Hai-pong, the Chinese whose information led to the foreigner's arrest, was however, turned over to the Chinese military authorities.

In a document prepared by J. T. Bryan, Jr., the Municipal Advocate, and presented by his assistant, Paul Ru, it was argued that the two men should not extradited, as the Shanghai-Woo ung Garrison commander is a military officer, not entitled to exercise the functions of a judicial court and besides no prima facie case had been established indicating that an affense had been committed outside of the Settlement. The legal representatives of the Chinese military authorities said they had proof that accomplices (Loh's brother and sister-in-law) were getting military information from Chinese army headquarters in Hankow and transmitting it to the foreigner here; it was then sent by radio to the Red armies in the north.

Chinese Students and Residents Locked Up While Pu-Yi Was Entertained in Japan

BY NENPIEN LY*

THE visit of Henry Pu-yi to Japan was marked by secnes of wild enthusiasm throughout the whole country. The Diet passed a bill which allowed a sum of 250,000 yen to meet the expenses of this event. The whole city of Tokyo was decorated with lanterns and flags. The Tokyo station, where Henry Pu-Yi alighted from his special train, was ornately renovated, an elaborate welcome gate being built for the occasion, which cost more than 18,000 yen. It is understood that 40,000 lanterns were sold by the leading dealers in Tokyo and more than 200,000 flags were disposed of. Decorations in other parts of the city amounted to additional thousands of yen. It is learned that in addition to 250,000 yen from the government, the total sum which included the expenses of the people amounted to more than 500,000 yen, just for a three-weeks stay of Henry Pu-yi.

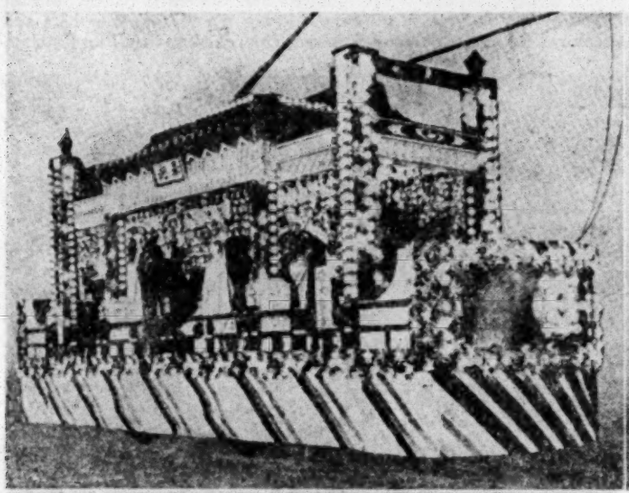
Leaving Hsinking at 6:50 a.m. on April 2 and arriving at Dairen at 5:20 p.m. on the same day, Henry Pu-yi and his retinue of 150 members boarded the Japanese warship *Hiei*, escorted by three Japanese destroyers, *Mjrakumo*, *Shirakumo* and *Usukumo*, which set sail for fom Dairen at 6 o'clock in the evening for Yokohama. After four days on the high seas, Henry Pu-Yi arrived at Yokohama at 9 a.m. on April 6. Prince Chichibu, the second brother of the Emperor of Japan met him and entrained for Tokyo, where he was met by the Japanese Ruler at Tokyo Station at 11:30 a. m. on the same morning. Immediately after his arrival, Henry Pu-Yi, accompanied by Prince Chichibu proceeded to the Akasaka Detached Palace, the visitor's quarters, during his sojourn in the capital. The procession of seven carriages was escorted to its destination by a detachment of cavalry. Pu-Yi ended his sojourn in the Japanese capital, leaving Tokyo Station at 9:00 a.m. on April 15 for the Kansai and boarded the warship *Hiei* on the April 23 at Kobe, for Dairen. Prince Chichibu, representing the Japanese Emperor bade him farewell at the station after his nine-day visit to Tokyo.

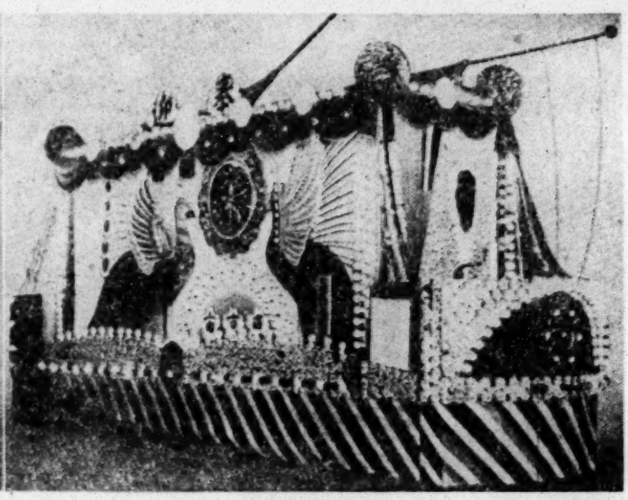
Nengpien Ly is the pseudonym adopted by the Chinese writer of this article who was in Japan at the time of the visit of Henry Pu-Yi, the Manchukuo "Emperor" to Japan. It is the first article to be published in China giving details regarding the motives which inspired Japan in staging the elaborate show, which cost the Japanese taxpayers more than a half-million yen.

Whole City Gives Itself Over to Festivities

During his stay in the Japanese capital, as mentioned above, the whole city of Tokyo gave itself over to festivities. Besides many official parties and receptions, a grand military review was held in his honor by the entire division of the Imperial Guards including 15,000 men of infantry, cavalry, engineering and tank regiments and 89 airplanes. The Emperor of Japan attended the review with the visiting guests. Magnificent welcome towers were erected in front of the Tokyo Station and other important intersections. Not only was every house and building decorated, but also street cars, buses, automobiles and even taxicabs were decorated with flags. Fire-works were displayed at Shibaura, Sumidagawa, Marukotamagawa and Senju-Ohashi. Kite-flying parties were held in many parts. A lecture meeting to express the public welcome was also held at the Municipal Auditorium. In addition to the above, ten decorated street cars were commissioned to travel all over the city for a period of three days. Welcome concerts, flag processions of the students of various girls' higher schools and welcome dances were organized in different parts of Tokyo. A lantern procession was arranged at 6 p. m. on April 10 by the students of middle schools. A welcome athletic meeting as well as a children's party were also part of the scheduled celebrations.

The welcome was indeed magnificent, and perhaps never in the history of Japan has such a spectacular reception been accorded a visitor to the country. What reason could there be for such





The two pictures at the top were special decorative floats constructed on street cars which were operated through the Tokyo streets for a period of six days while "Emperor" Pu-Yi was in the Japanese capital.

The picture on the left shows the "welcome-towers" erected at considerable cost in front of the Tokyo railway station in honor of Pu-Yi, the Manchukuo "Emperor."

The entertainment of Pu-Yi, which cost the Japanese tax-payers a considerable sum, is described in the accompanying article.

a display of hospitality? We may put forward several considerations as to why the Japanese Government deemed it necessary to carry out the affair on such a large scale in spite of the present critical state of the country.

1.—It is two years ago since the crown of Henry Pu-Yi was moulded in Japan and the puppet state of Manchukuo was created. So far,the only countries of the world that have extended recognition to the puppet state are Japan herself and the State of San Salvador. Indignant because of this attitude on the part of other nations, Japan withdrew from the League. Being a non-member of the League, Japan thinks she can do whatever will please her. It was on the 27th of last March that Japan left the League entirely and unilaterally. So Japan took this opportunity and chose this suitable time to welcome Henry Pu-Yi to Japan with the purpose of showing to the rest of the world that Manchukou is well on its feet and that a strong friendship exists between Japan and the puppet state. She wanted also to show the world that in spite of non-recognition by other nations, Manchukuo could do just as well as an independent nation, and that Japan had nothing to do with its creation. So the moment was considered appropriate for Henry Pu-Yi to pay his visit to Japan

The Reasons for the Welcome

2.—The military expenditure incurred by Japan both at home and to a great extent in Manchuria covers a greater part of the Japanese budget. Thousands of Japanese soldiers were killed. Billions of yen were spent. Poor mothers and lonely widows suffered the losses of their loved ones. Young men were ordered to the front and neglected their studies or business just for the purpose of conquering Manchuria. Japanese statesmen and politicians voice periodical complaints, because the parliamentary system still exists, yet they have no right to say anything. Diplomacy can not be carried on without the consent of the militarists. Such a state of affairs may sooner or later lead to revolution. Realizing the danger, the militarists were very anxious to see the resentment of the people and the complaints of the government officers other than militarists side-tracked. So here we have another reason for the elaborate welcome accorded Henry Pu-Yi. This so-called state visit has really done a great deal to answer the complaints of the Japanese people by showing them that their sacrifices have apparently not been in vain; that the emperor whom they have set up with huge sums of money and thousands of lives is here in person; and that he is their puppet-emperor through whom their life-line in Manchuria can be maintained.

3.—It goes without saying that Henry Pu-Yi is only an Emperor in name and has no right or power of any kind at all. Everything he says or does is carefully scrutinized and supervised. Could he have done so, he would have escaped from his emperorship long ago. The Japanese militarists understand thoroughly his discontent and have been trying to remedy it. So to welcome him to Japan was a very good way to flatter his vanity, and give him the impression that he was an Emperor in the real sense of the word. On the other hand, in welcoming him to Japan, Japan can also demonstrate visibly her power and might. If Henry Pu-Yi carried out the wishes of Japan, he is quite safe. If not might, Japan can overawe him at once.

4.—And lastly Japan regards herself as having a history of 2,500 years, and, during the whole stretch of her history, this was the first occasion on which she had been visited by a reigning monarch. So her 2,500 years of history has never been honored or brightened by a visit of this kind. Moverover, being one of the big powers and regarding herself as the mistress of the East, Japan wants to make herself the political center of the world with kings, emperor and great statesmen visiting her either to pay homage, or to discuss with her world affairs. In this way, Japan reasons that she can increase her prestige and importance.

Now Henry Pu-Yi's visit is over. Has this event really done anything to help satisfy the complaints of the Japanese people and how does the world regard it? Conversing with a prominent Japanese one day, I was told that the poorer citizenes of Tokyo were coerced by the police into buying flags and lanterns and suffered very much thereby. In addition to the huge expenditure of the Army and the numerous deaths recorded, the citizens of Tokyo were burdened to the extent of another 25,000 yen meaninglessly consumed. The complaints have not abated!

Many Chinese Deported, Others Sent to Prison

It might be also mentioned that not only the Japanese themselves suffered from this state welcome but a great deal of harm was done to many Chinese nationals in Japan. As early as last March, Japanese water police paid much attention to all Chinese who landed in Kobe and Yokohama. Some of them were sent back to China and a good number of them were kept in prison for no other reason than that they were looked upon as suspicious. They did this to check up all suspicious persons in order to ensure complete safety for Henry Pu-Yi. It was reported that the entire police force of Japan was summoned to Tokyo during the visitor's stay here and more than three thousand persons were locked up in jail for nothing.

Thousands of Japanese school children were ordered to wave flags of greeting to "Emperor" Pu-Yi. The picture on the right shows the welcoming gate-towers and part of the crowd, on the plaza fronting the Tokyo railway station, where Pu-Yi entered the city and was greeted by the Emperor of Japan.

Toward the end of the visitor's sojourn, all prisons in the city of Tokyo were so overcrowded that the police had to send many of the inmates to some other prisons in the nearby prefectures. Among those kept in jail were many Chinese students, especially those students who arrived here not long ago and were therefore considered to have come over for the purpose of making attempts on the life of Pu-Yi. A Chinese educator coming to Japan from Hankow for a ten-day stay to visit Japanese middle schools was captured twice and spent two nights in two different jails. Landing in Kobe on April 3 and going to Kyoto on the same day, this educator was detained by police on the ground that he should have the ability of understanding and speaking the Japanese language if he were here really for the purpose of educational investigations, and that his fluent English in place of Japanese made them suspicious. (The fact was that the educator could not speak Japanese and the conversation between him and the police was carried on in English). Having explained to the police how he could manage by hiring an interpreter, and also having show them some letters of intruduction, he was released after a night in jail. Leaving Kyoto the next morning from the jail for his final destination of Tokyo, he was again arrested just a few hours after his arrival and was released the next day with detailed explanations and after leaving his finger prints at the police station. On April 5 two policemen went to a lodging where many Chinese students lived and put one of them in prison on the ground that this student was in possession of a pistol. The student told the police that he really had no pistol, but the police asked him if he could tell them who had one; then they would let him out. The fact was that none of them had arms of any kind. They had tried more than ten students in this way thinking that they might discover something by third degree methods. Unfortunately for those students, they were compelled to remain in jail until Henry Pu-Yi left Tokyo. The superintendent of Chinese students in Tokyo went to Kyoto on a business trip and was visited by the police three times a day, being finally forced to return to Tokyo because by that time Henry Pu-Yi was ready to leave for Kobe. Had he not been an officer, he would have have been arrested too. All Chinese students

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

DOWN TRAINS									MAIN LINE STATIONS		UP TRAINS							
41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3				302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep.	Peiping - - -	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,,	Fengtai - - - -	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,,	Langfang - - -	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,,	Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr.	Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep.	,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	4.50	
10.38		12.47		18.03	Stop	1.10	14.47	,,	Tang-ku - - -	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,,	Lu-tai - - - -	,,		5.26	11.41	13.48	17.43	4.08		
12.52		14.42		20.11		3.32	16.39	,,	Tang-shan - -	,,		4.15	10.30	12.50	16.37	2.58		
13.39		15.17		20.47		4.20	17.14	,,	Ku-yeh - - -	,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,,	Lanhsien - - -	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,,	Chang-li- - - -	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,,	Pei-tai-ho - - -	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,,	Chin-wang-tao -	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr.	Shan-hai-kwan -	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep.	,,	arr.						21.26		
		16.25						arr.	Shenyang (Mukden)	dep.						10.15		
	FOR SHANGHAI		FOR PUKOW								FROM SHANGHAI						FROM PUKOW	

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934.

BY ORDER.

or merchants were visited by police at midnight just to see if they were at home. Very early in the morning of April 12, a policeman went to a Chinese girl student's room to wake her up and brought her to the police station. Besides her, seven other students, two of them girls, of the next door boarding house, were taken to jail. All of them were perfectly innocent. The reason for this capture was because Henry Pu-Yi would pass by the street where the houses were located. They stayed in the jail all that night. A Chinese Naval officer coming to Japan from Tsiangtao to receive medical treatment was kept in prison, in spite of a letter of introduction written by a Japanese naval Officer at Tsiangtao. The reason was that the Chinese officer should not have come to Japan just at the same as Henry Pu-Yi was here. If he were really coming for treatment, he should have either come earlier or else postponed his coming. So his visit, in concidence with that of Henri Pu-Yi's, was considered as highly suspicious. In short, all Chinese were carefully watched. The Japanese police could arrest any Chinese at any moment without warrants—of any kind. Once a Chinese has been taken to prison, he or she is carefully questioned and his or her baggage is examined. A girl student had twelve hundred yen deposited in a bank. The police when examining her baggage, discovered her bank and asked why she should have such a big sum of money just for a girl student's life. So she was obliged to give in detail her daily expenses. Being a girl, she was very careful. She therefore had her daily account book shown to the police. By so doing, she was permitted to leave jail a few days earlier and was spared being driven back to China.

The above cases were all brought under the personal notice of the writer. There were still numerous other cases, of a similar nature or perhaps worse. Once a Chinese was detained in prison without any charge; after his release from jail, he was supposed not to relate the matter to anybody, otherwise he would be recaptured with the possibility of being forced to return to China. In doing so the Japanese police were wise enough to make some excuse, in order to show that they did not arrest any Chinese without a reason. This also saved them the trouble of receiving protests from the Chinese Government.

The Matter of Sincerity

We understand that the atmosphere at the present time seems fairly favorable towards lightening the darkness existing between China and Japan. The speech made by the Foreign Minister, Koki Hirota, on January 22 in the Japanese Diet, stressed some of the important happenings in China, and also pointed out the progress made by China in her endeavors to suppress banditry, to pacify her own nation, and to create a friendly attitude in China towards Japan. Soon after Hirota's speech, and preceding the formal demand for the suppression of the Chinese anti-Japanese movement to China, the National Government took an intitiative part in the endeavor to improve the relations between the two nations. As a beginning, it issued an order to suppress all anti-Japanese movements throughout the country, hoping that our friendly neighbor might be convinced of our good intentions. But unfortunately it has been always the Japanese idea that the National Government had no real sincerity as far as the suppression of the anti-Japanese movement and a friendly attitude towards Japan was concerned. And they regard the Yangtsze Valley provinces as the most influential and the starting place for this very movement. In giving our neighbor-country a pledge for this, it is learned that investigations have been conducted jointly by the Hupeh Provincial Headquarters of the Kuomintang and the municipal authorities of Hankow and Wuchang; that anti-Japanese organizations, (until recently engaged in anti-Japanese boycott and agitations) have now completely ceased to exist in those two cities and vicinity. In addition to Hankow and Wuchang's step for the strict control of the anti-Japanese movement, the municipal authorities of other cities along the Yangtze River, including Yichang and Sharshih, are also exercising a strict control over anti-Japanese agitation, and are paying special sttention to primary school education, aiming at the complete elimination of anti-Japanese elements in educational institutions. As a result of such measures taken, considerable improvements have been witnessed in the hitherto restricted business activities of Japanese interests in these localities.

China has not only promised to be sincere but also she has actually done something which Japan has long desired. But ever since the speech made by Mr. Hirota, what has Japan shown us as far as sincerity is concerned? Instead of continuing along the road towards better relationship and mutual understanding, she has acted with meaningless brutality towards Chinese Nationals on the eve and during the stay of Henry Pu-Yi. We wonder if this helps towards a better relationship and whether this shows her sincerity, particularly at a time when China is doing her best to come closer to Japan. And who is creating the anti-movement, China or Japan? We sincerely hope that the Japanese Government, and especially the police authorities will endeavor to change their attitude towards Chinese nationals in Japan. The so-called anti-Japanese movement in China emanated only from a certain section of the people, whereas in Japan the persecution of Chinese Nationals appears to be sponsored by the government, thus indicating the presence of an almost official movement directed against China and the Chinese.

Tokyo, May, 1 1935.

High Spots of the Recent Visit of Mei Lan-fang to the Soviet Union

BY PERCY CHEN

DOSTOIEVSKY in his famous book "The Brothers Karamazoff" gives a *pertinent* description of the Russian character. He remarked that if you gave a Russian school-boy of the middle school a book on astronomy—a subject, with which he was entirely unfamiliar—the book would be returned to you the following day, with corrections in the text.

This self confidence, admirable trait though it is in this age of invention and endeavor, was wholly absent when Dr. Mei Lan-fang appeared at the Club of Theatrical Workers in Moscow. The Russians forget to criticise, they could only admire. In the stuffy basement crowded to overflowing with the elite of Moscow's theatrical world, the great Chinese actor gave a demonstration of the technique of his art. He demonstrated the use of the hands, the eyes, and the body in executing the "cloud movement". His associates showed how the same movement was carried out when done by the "painted face" character, and by the "young heroic" character. It was after that that Meyerhold, the outspoken sixty-year old enfant terrible of the Russian Theatre, exclaimed. "After seeing the manner in which Mei Lan-fang uses his hands, there is only one thing for the Russian actors to do—they should cut theirs off".

I was struck by the number of actors, actresses, students of the theatre, producers and other theatrical workers who thronged the Mei Lan-fang performances night after night. All the tickets for the Moscow and Leningrad performances had, for two weeks before the opening, been sold. The Russian Theatrical Society had 100 seats allotted to their members every night. They tell me that the members of the Ballet corps of the Grand Theatre developed mysterious illnesses which kept them from the Grand theatre but allowed them to attend the Music Hall where Dr. Mei Lan-fang was performing.

In conversation with one of the members of the directing staff of Dr. Mei, who accompanied the latter on his American tour in 1930, I was told that the main difference in the reception accorded in the United States and in Russia lay in the fact that the Russian producers, artists, actors and actresses demonstrated an almost insatiable interest in his performances, as well as showing an earnest and sincere desire to study the methods of his production of the plays.

One of the last engagements of Dr. Mei before leaving Mocow was a round-table conference with the leading theatrical people. The meeting took place at the fine premises of the Society for Cultural Relations with Foreign Countries. Dr. Mei was accompanied by Prof. Chang Peng Chun, and Prof. Yui, while the Russians included Sergei Eisenstein, Poudovkin, Stanislavski, Nemchirovitch-Damchenko, Victorina Kriger, the dancer, Tairoff, Mayerhold and others.

The most conservative note was sounded by Sergei Eisenstein who advocated that the Classical Chinese Theatre as represented by Dr. Mei Lan-fang's troup should be preserved as it is. "This will form the foundation for the future Chinese Theatre and the young Chinese Cinema which by adopting Western forms, is ignoring the wealthy material that lies in the dynamic content of the Chinese stage," he concluded.

Dr. Mei Lan-fang stressed the fact that the many frank discussions he had with the Soviet Theatrical people would give him many new ideas upon which to work when he returned to China.

Russian Welcome Had Stamp of Government Approval

International observers in Moscow remarked the obvious fact that the welcome and the reception given to Mei Lan-fang far exceeded the limits of that accorded to artists. It bore the stamp of governmental approval quite apart from the spontaneous popular welcome handed out to Mei Lan-fang by the Soviet public. For the first time during my entire stay in the Soviet Union I witnessed the mounted police turn out to maintain order outside a theatre. There were literally pitched battles for admittance on the opening nights.

"Spiridonovka", the famous mansion in which the Commissariat for Foreign Affairs gives its official entertainments, was the scene of an intimate banquet given by M. Bogomoloff to Dr. W. W. Ben, Dr. Mei Lan-fang, and members of the Chinese community in Moscow. A charming moment was when in the drawing room afterwards Miss Butterfly Wu entertained the company to some Chinese folk songs sung in the Cantonese, Shanghaiese and Szechwanese dialects. The dominant note of the speeches at this function and at others was the "earnest hope that the cultural relations so well begun by the visit of Dr. Mei Lan-fang would develeop to the mutual benefit of both countries".

A young Russian artist, Victor, Pavlecheff, called on Dr. Mei at his hotel and drew his potrait, which he later presented to the sitter. Not the least valued among the tributes received by Dr. Mei was a small sprig of mimosa flowers thrown on to the stage on the closing night of the performances at the Music Hall. Floral tributes made their appearance on the Moscow stage again when Dr. Mei took fifteen curtain calls before an enthusiastic audience at the farewell performance at the Grand Theatre.

The popularity of Dr. W. W. Yen among the Russians as well as his foreign colleagues is becoming proverbial. Never before has any foreign diplomat had an opportunity of addressing the Russian people. I was present once when in the Hall of the Congress of Soviets an ovation was given to the Turkish Ambassador. When Anthony Eden made his appearance at the Grand Theatre the audience applanded. But it was nothing compared to the burst of applause that greated Dr. W. W. Yen when he strode on to the stage on the opening night of Dr. Mei Lan-fang's performances. To Dr. Yen fell the distinction of addressing a Soviet audience.

"The traditional subject matter of the Chinese Drama are fourfold. In the plays to be presented to you you will see extolled those four virtues upon which Chinese society is based. They are loyalty to the State, faithfulness of wife to the husband, obedience of the child to the parent, and loyalty between friends". These words of the Ambassador's were faithfully translated by R. Chervievsky, the Vice President of VOKS (the Society for Cultural Relations with Foreign Countries).

At one of the diplomatic functions held last winter in Moscow I enquired of one of the senior members whether he danced. He replied in the negative, declaring that he had passed the age for learning. I drew his attention to the fact that one of the Soviet Statesmen had learnt and was making great progress . . . and I concluded, "There he is dancing with Her Excellency, your wife." "Oh" said the diplomat interestedly, "That means that we shall sign that Trade-Agreement soon."

Such are the signs of the barometer by which we judge the future in Moscow. And it is not naive to regard Dr. Yen's speech as an important achievement. "We desire the closest cultural relationships with the Great Chinese People" said Mr. Arioseff President of VOKS at the banquet given by Dr. Mei Lan-fang before his departure from Moscow. And no one who witnessed the cordial and sincere reception accorded to our greatest actor by the Soviet Government and the Russians can doubt that Mr. Arioseff was expressing the earnest desire of his superiors and his people.

Shanghai, May 13, 1935.

Paris Exposition in 1937 to Include Chinese Performances

Hsiao Chi-yung, Consellor of the Chinese Legation in Paris, May 9 gave a luncheon to Mei Lan-fang, the famed Chinese actor, Yu Chan-yuen, who accompanied Mr. Mei on his visit, and a number of French leaders in the art world, including the director of the French National Music School and the director of the Oriental Language School. Preparatory measures were discussed for giving Chinese theatrical performances on the occasion of the Paris Universal Exposition in 1937.

Manchukuo-Outer Mongolia Parley to Be Held May 26 at Manchuli

Negotiations for the settlement of the Lake Buyer clashes between Outer Mongolian and Manchukuo forces early this year will enter the formal stage on May 26 when delegates from both States will meet in Manchuli for a conference.

Soviet Enterprises in Manchukuo to Close Soon

A complete cessation in the near future of Soviet economic activities in Manchukuo as the result of the transfer of the North Manchuria Railway to the new State's ownership was predicted in a recent report from Harbin to the Industrial Department of the Osaka Municipality. Only the Soviet Trade Representation, the Dalbank and the Torgsin are functioning at present, the report pointed out, with all of them certain of ultimate closure.

Communications Ministry Offers Rewards For Information on Radio Installations

Cash rewards for information leading to the discovery of secretly operated radio stations are offered by the Ministry of Communications in a public notice issued this week. Three hundred dollars will be offered for information leading to the seizure of each radio transmitter, and $100 for each receiving set. Information may be sent directly to the Director of any local Telepraph Administration or to the Director of the Department of Telegraphs of the Ministry in Nanking. The name of the informant will be kept secret, the announcement added.

Marshal Chang Prepares to Meet Reds on Hupeh-Hunan Border

(From the Review's Correspondent at Hankow)

In order to prevent any invasion of Hupeh territory by the Reds from northeastern Hunan, Marshal Chang Hsueh-liang left Puchi May 9 on the Canton-Hankow Railway to inspect the troops of the 34th Division under General Feng Hsin-yen. Apparently encouraged by the eastward advance of Ho Lung and Hsiao Keh in northern Hunan, some of the Red confreres advanced on Pingkiang, northeastern Hunan about May 4. The missionaries located there evacuated to Changsha. It is not certain yet whether the Reds actually entered the city of Pingkiang, but with something over 400 rifles they constituted a distinct menace to Yochow. The eight missionaries residing in Yochow evacuated May 8, coming to Hankow. The current rumors were to the effect that the Reds might be seeking to go west, to link up with the Reds in the Red Lake region, or to link up with Ho Lung in northern Hunan, or to seek to reach Szechwan. Troops have been rushed to Yochow from various places and reinforcements were sent from Wuchang by the Young Marshal to stem the tide and to prevent any threat to the through traffic on the Changsha-Hankow Railway. The presence of the Marshal has had a salutary effect on his troops along the railway.

Gen. Ho Chien Rushing Troops to Tsingshih

The Reds, under Ho Lung, reported by residents of Tsingshih to have been advancing on Lihsien and Tsingshih, have been frustrated by the advent of the 85th Division, according to a private telegram from Tsingshih on the 11th of May. Due to the wild rumors Tsingshih merchants fled in junks with all their valuable belongings, in the direction of Ansiang. Between 200 and 300 arrived at Ansiang on the 2nd of May. Most of these will return as soon as the situation eases up. Some of the missionaries who evacuated to Ansiang are planning to return to Tsingshih as soon as possible.

Former Red Lieut. Colonel Betrays Hunan Gov't Troops

The reason for the advance of the Reds in northern Hunan under Ho Lung is due in part to the betrayal of Brigadier-General Li of the 58th Division by his Lieut. Colonel, a former Red commander. Reaching Sangtze, a small Hsien city northwest of Tayung, about April 15, the government troops under Brig.-Gen. Li were driving the Reds before them. However, the former Red commander was entrusted with the task of leading the 58th Division against the foe. However, instead of doing this, he led them into the trap prearranged by the Reds. His retreat cut off he made a brave stand, but being outnumbered his brigade was cut to pieces. This caused the retreat of the whole army defending Tzeli, Tsingshih, Lihsien. Now with the coming of the 85th Division it is hoped to prevent further depredations of the Reds. No doubt the semi-famine conditions in northwestern Hunan make the Red army desperate. For food they will no doubt fight unto death, self-preservation being still the primary law of the race.

Hunan Peaceful in Central, Southern, and Western Areas

Although the Red menace seems to have taken on a more sinister appearance the last month, still foreigners and Chinese have confidence in the provincial authorities and expect the government troops to get the Reds exterminated in time. Recognizing the fact that guerilla warfare is no easy matter especially in mountainous areas, the policy of the Reds seems to be to lead the newly arrived anti-red troops away from the beaten path and then to watch their chance to work foul play. The same tactics used by the government in Kiangsi will sooner or later have to be employed against the Reds in Hunan. Then and only then will the provincial authorities be able to crush out the menace once and for all.

Novel International Athletic Meet

Last Saturday afternoon at three o'clock (May 11) the track teams of Yali Union Middle School, Changsha, Hunan, and New Haven High School, New Haven, Conn., (near Yale "U") competed for highest honors. Results were immediately cabled half-way round the globe informing the opposing team of its success or defeat. The most prominent persons on the field were Head Coach Jackson Ho, ably assisted by the American staff: Mr. Hugh Farley, Yale 1934, of Wethersfield, Conn., Mr. B. Preston Schoyer, Yale 1933, of Pittsburgh, Pa., and Mr. Dwight Rugh of Berkeley, Cal.

Hankow, May 13, 1935.

Hwa Teh Company's "Silver Light" Bulbs Give Unusual Brilliance

The Hwa Teh Electric Lamp Manufacturing Co. has commenced the manufacture of "Silver Light" bulbs, invented by Lee Ching-hsiang, formerly with the China Edison Co. and now engineer-in-chief and associate manager of the company. The Ministry of Industry has granted patent rights for the invention. The lamps glow with exceptional brilliance.

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Japanese Privy Council Formally Approves "Brain Trust"

IMPERIAL ordinances providing for the establishment of the National Policy Council (so-called "Brain Trust") and the Investigation Bureau of the Japanese Cabinet were formally approved at a plenary session of the Privy Council held in the presence of Emperor Hirohito May 8. Organization of the projected state organs will be completed early in June. These will comprise five investigators to be directly appointed by the Throne; ten who will be named with the Emperor's approval; 30 councillors, about 100 experts, 20 attaches and one secretary. Shigeru Yoshida, chief secretary of the Cabinet, was selected director of the new institution. The five senior investigators will respectively take charge of general affairs consisting of military and diplomatic matters, finance, industry, communications and culture, each assisted by two minor investigators.

Plans for radical changes in the Japanese administrative system are included among the problems which will be studied by the newly-created "brain trust."

Japan's major political party, the Seiyukai, May 7 emphatically declined to participate in the National Policy Council, while the Minseito, second largest organization, agreed to support the projected "brain trust." Representatives of two of Japan's mammoth concerns, the Mitsui and the Mitsubishi will sit on the Council in the person of Kenkichi Kagami, President of the Nippon Yusen Kaisha, and Seihin Ikeda, managing-director of the Mitsui Gomei Kaisha. A furore has been caused in the Seiyukai party, two leading members of which, Dr. Rentaro Mizuno and Keisuke Mochnizuki, joined the National Policy Council. Their names were thereupon struck from the Party's register.

Japanese Fishing Experts to Proceed to Moscow

An expert on fisheries from the Ministry of Agriculture and Forestry and high officials of two major Japanese fisheries will go to Moscow soon to aid Tamekichi Ohta, Ambassador to Soviet Russia, in the negotiations for the revision on the Soviet-Japanese Fisheries Agreement.

Minister of Commerce Warns of Possible Economic Depression

A warning to be prepared for an economic depression, despite the present boom in the export trade and the military industry, was made by Chuji Machida, Minister of Commerce and Industry, in an address at the gubernatorial conference, now in session in Tokyo May 8.

Rayon Producers Plan Cut, as Production Hits New Record

Japanese rayon manufacturers May 8 moved to meet soon to discuss a reduction of their output as national production of artificial silk during April reached a new high record, showing an increase of 157,158 cases as compared with March.

Japanese Spinners to Reduce Production

Japanese spinners have decided to reduce cotton textile production by 3.8 to 6 percent below existing levels for four months beginning July 1.

Cuba Raises Duty on Japanese Goods

The Cuban Government May 7 raised the import duty on Japanese cotton piecegoods by from 25 to 100 per cent.

Japan to Mark Death of De Moraes, Portugal's "Pierre Loti"

The sixth anniversary of the death of Lieut.-Commander Wenceslao de Moraes, known in Portugal as the second Pierre Loti and famous in Japan as Lafcadio Hearn's double, will be solemnized in Tokyo on July 1, under the auspices of the Governor of Tokushima Prefecture.

Tokyo Invites Scholars to See Solar Eclipse

Invitations to witness the total solar eclipse which will be observable in Hokkaido on June 19, 1936, have been sent out to 120 scholars in thirty couutries. The committee in charge of the invitations consists of staff members of the Tokyo Observatory and the Imperial Academy.

Mount Asama Erupts—Heavy Pall of Ashes Descends on Karuizawa

In three succeesive eruptions, Mount Asama, central Japan's only active volcano, showered lava pebbles over a wide area in the morning of May 11. A heavy pall of ashes descended over Karuizawa, a popular summer resort patronized by foreign residents.

Home Minister Goto Plans Clean Election Campaign

Home Minister Fumio Goto May 10 announced that he would set aside Yen 100,000 from the election law enforcement fund to organize a huge federation of non-partisan civic organizations to support official local supervisors in bringing about a reformation in electoral customs. Mr. Goto asserted he would discontinue age-long practices whereby the Government iu power at the time of the poll brought pressure to bear upon the electorate through the people. He has prohibited the practice of allowing police to make a house-to-house call to prepare pre-election surveys.

Proletarian Woman Writer Is Re-Arrested in Japan

Mrs. Yuriko Miyamoto, better known as Yuriko Saijo, a proletarian writer, was rearrested by officials from the Tokyo Police Station May 10 on a charge of being a Communist sympathizer. Kenji Miyamoto, whom she married on Dec. 28 last year in prison, is still being detained without bail pending trial on charges of murder and mayhem, which he is alleged to have perpetrated on a "traitor" to the Communist cause two years ago.

Umezu to Be Named Division Head of Japan North China Forces in August

Tokyo advices state that Lieut.-Gen. Yoshijiro Umezu, commander-in-chief of the Japanese forces in North China, with headquarters in Tientsin, probably will be appointed a divisional commander in the regular bi-annual military transfers and promotions scheduled for August.

Debuchi Formally Chosen as Special Envoy to Australia

Katsuji Debuchi, former Japanese Ambassador to the United States of America, was officially designated May 13 as special envoy to the Australian Commonwealth.

Japan Maps Retaliatory Measures Against Canada

Retaliatory steps against Canadian measures restricting Japanese imports were discussed by the secretariat of the Trade Council of the Japanese Foreign Office last week. The imposition of long-term restrictions on Canadian imports of wheat, lumber, pulp and lead, the raising of tariffs on other Canadian products, and the establishment of the fixed exchange quotations to apply to the calculation of and valorem duties on goods from the Dominion were said by an official present as having been cited as appropriate steps to be taken.

Provincial Newspapers Object to Government Inspired Press Association

Seventeen Japanese provincial newspapers refused to participate in a conference in Tokyo May 9 when representatives of 18 dailies, the Japan Broacasting Association and one news service met with Mr. Hirota, and Mrs. Tokonami, to discuss plane for the organization of a new news service formed along the lines of a press association, which will be Government-inspired. These delegates included those from leading Osaka newspapers, eight large Tokyo journals and eight other dailies published in major population centers throughout Japan.

Efforts of Japanese Shipping Companies to Undermine Java-China-Japan Business Fail

Efforts of four Japanese shipping companies with lines running to Java to take business away from the Java-China-Japan Lijn, Netherlands firm, have failed, according to figures just released in Kobe. Of 29,000 tons of cargo carried on the Java-Japan route in April, the Java-China-Japan Lijn transported 15,660 tons or 54 percent, while Japanese concerns shipped only 13,340 tons or 46 percent.

Formosa Releases "Flying Dutchman" Crew on Payment of Yen 200 Fine

William S. Gates, former U. S. naval officer, and his German and Russian companions who formed the crew of the ketch *Flying Dutchman*, who ran afoul of the Japanese-Formosan authorities May 2, were released May 11 on payment of a fine of Yen 200. John B. Ketcham, American Consul at Taihoku, used his good offices during the incident.

On the same date Otto Kriez, a Shanghai resident, owner of the yacht *Osten*, arrested last month on a charge of entering the stragetic zone, was also released by payment of the same amount.

Language difficulties are deaying the hearings of the appeal by the captain of the Netherlands oil tanker *Juno*, detained in Formosa on April 7 on a charge of espionage.

Japanese Navy Searches for Attacker of Fishing Boat

Japanese Coast guard patrols were busy during the week searching for a vessel, which allegedly attacked the *Hosei Maru*, a one-ton Japanese fishing boat, off the coast of Formosa and confiscated its entire catch. The attacking vessel was allegedly a Chinese Customs cruiser of about 1,000 tons displacement and carrying a crew of about 20 Europeans and 100 Chinese.

Madame Chiang Describes Trip to West China in Letter to Nanking Orphan School

Madame Chiang Kai-shek in a recent autographed letter to the school in Nanking for orphans of revolutionaries described the trip which the General and Madame Chiang took through Szechuen and Kweichow province. The party traveled from Kiukiang to Szechuen by steamer, motor-car and airplane. The trip from Kiukiang and Chungking was made by steamboat. They proceeded from Chungking by plane to Kweiyang, where they are making their temporary quarters.

Japan and China Will Raise Legations to Embassies

Foreign Minister Hirota, May 11, notified the Ambassadors of Great Britain, the United States, France and Germany that Japan would raise the status of the Japanese Legation in China to that of an Embassy. Formal announcement by both China and Japan of the mutual change from legations to embassies was expected to be made May 16. The necessary appropriations for making the change were passed by the Japanese Diet in 1924, but unforeseen events, it was stated, had prevented the Japanese Government from carrying out the plan at an earlier date. The new Embassy will be located in Nanking, and will start to function some time next month.

General Chiang Tso-ping, the incumbent Minister to Japan, is expected to be promoted the first Chinese Ambassador to the Island Empire, while Akira Ariyoshi, the present Japanese Minister, will be the first Japanese Ambassador to China.

Japan's step has aroused great interest in foreign countries, particularly in Germany. Advices from Washington stated that although eventually the United States would also follow suit, there was no indication of any step similar to Japan's being taken in the immediate future.

Special Japanese Envoy to Tour China—Hopes to Fathom Chinese Sentiment

On May 20, a newly appointed special Japanese envoy (Tadao Matsumoto, parliamentary councillor of the Foreign Office, leading Minseito adherent) will leave Tokyo to make an extensive inspection trip, covering the cities of Shanghai, Canton, Hankow, Tsinan, Tsingtao and Peiping. He will try to fathom present Chinese sentiment towards Japan and investigate what measures the Nanking government is taking towards suppressing anti-Japanese movements.

War Ministry Not Opposed to Embassy, But Still—

Gen. Hayashi, Minister of War, May 14, stated that while the Japanese Army is not opposed to the raising of the Japanese Legation in China by the Foreign Office to the status of an Embassy, yet it wishes to see more co-operation between the various government offices charged to deal with Sino-Japanese relations. He added: "In view of the importance of Sino-Japanese relations, the Army wishes to maintain a closer co-ordination with various Government quarters dealing with such matters in the future." He intimated the hope that the Foreign Office would consult more fully with the War Office in such matters in future.

Britain Will Probably Also Raise Its Legation to an Embassy

Telegrams from both London and Tokyo indicated that Great Britain would also raise its Legation in China to an Embassy in the near future. It was announced in the House of Commons May 15 that £6,000 would be included in the next budget to improve the British Consulate buildings in Nanking. Mention was also made of the fact that the British Minister had spent a considerable portion of his time in south and central China in the past year.

The American Legation authorities are also planning for the construction of new buildings in Nanking, this being one of the reasons for Minister Johnson's visit to the National Capital at this time.

Japan Will Also Establish Embassy in Siam

Elevation of the Legation in Siam to the status of an Embassy, following a similar action in China, has been decided by Koki Hirota, Foreign Minister, according to the Tokyo *Kokumin Shimbun*. The appropriation for the maintenance of an embassy in Bangkok will be included in next year's departmental budget.

Anti-Chinese Situation in Siam Improves Following Chiang Tso-ping's Negotiations

A Nanking message reports an improvement in the Chinese situation in Siam as a result of the recent negotiations between General Chiang Tso-ping, Chinese Minister to Japan, and the Siamese Minister in Tokyo. Minister Chiang in his negotiations expects first to restore the relations between China and Siam on a normal and proper basis and then to conclude as early as possible a commercial treaty between the two countries in order that the Chinese residents in Siam may be placed under treaty protection. In the meantime Nanking advices point out that the Netherlands East Indies authorities are imposing oppressive measures upon Chinese residents.

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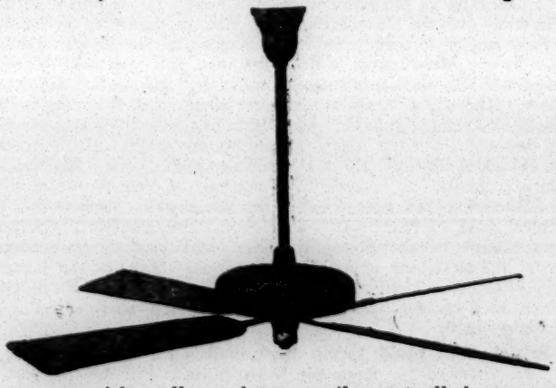

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Japanese Bomb Volunteers in Great Wall Vicinity

A FORCE of Chinese volunteers estimated to be more than 600 strong made its appearance in Lingyuan, southeastern Jehol, early this month. The volunteers on May 5 clashed with a detachment of Japanese troops stationed in Jehol in the vicinity of Tungnan-shantse (a mountain) and serious fighting continued for several hours, as a result of which one Japanese soldier was killed and five others were wounded. Finally, the volunteers retreated into the mountains, when two Japanese airplanes arrived to bomb their defences.

Eight Japanese planes bombed Hsinlung, located in Hupeh province, within the Great Wall, for half an hour May 10, allegedly for the reason that the inhabitants had harbored members of the so-called Big-Sword society.

Two hundred anti-Japanese Volunteers attacked the Peichitun station of Harbin-Larfa section of the Lar-Ping railway May 6, but were defeated. Two Japanese soldiers were killed and two wounded in action.

Sun Wen-chin's Volunteers Threaten Jehol Capital

Twelve hundred anti-Japanese Volunteers under the command of Sun Wen-chin, occupied Hsialichen on May 4 and threatened Chengteh, capital of Jehol province. This sudden appearance of Volunteers at Chengteh caused the Japanese serious anxiety. All Japanese and Manchukuo troops stationed along the Great Wall and West Jehol were sent as reinforcements to Chengteh. Sun is bitter against the Japanese because of the killing of some members of his family by the Japanese during the confiscation of arms last year.

Volunteers Attack Manchukuo Steamer

A group of 50 volunteers staged an attack on the s.s. *Santien*, on May 1, about 50 li from Ilan. Despite intense fire directed from the shores, the steamer managed to escape without much damage.

Transfer of Taxation Right an Important Item in Extraterritorial Abolition

Decision to transfer the right of taxation in the South Manchuria Railway zone to Manchukuo this year, as the initial step in the projected abolition of Japanese extrality in the new Empire will be finally decided upon at the third meeting of the Interministerial Commission for the Renunciation of Extraterritoriality in Manchukuo to be held this week.

The Japanese Government issued a statement last week regarding the abolition of extraterritoriality in Manchukuo, which Japan intends to effect early next year. As a result of the repeated discussion of the matter by the Foreign Office's Extraterritoriality Abolition Preparatory Commission the fundamental policy has been fixed to carry out gradual abolition starting with taxation rights and then gradually extending it to police and judicial rights.

Manchukuo Demands that Japan Establish Exchange Stabilization Policy

The Finance Department of Manchukuo is asking the Finance Ministry and the Manchurian Bureau of Japan to establish a definite policy to solve the Japan-Manchukuo exchange stabilization issue. Manchukuo is desirious that the Japanese Government will fix the fundamental policy by the coming fall at the latest. The *Asahi* explains that ever since the founding of the Manchukuo Central Bank, the bank has based the quotation of its national currency on the Shanghai exchange. Much affected by President Roosevelt's silver-raising policy, the Manchukuo-China exchange has now shown a margin of Yen 40, while silver in Manchukuo has been leaving the country in profusion. The Central Bank of Manchukuo appears to have abolished operation on the basis of the Shanghai silver and it now appears to be basing the quotation of its currency on the basis of the Japanese yen. But it is claimed that the bank cannot fulfill its function alone as a central bank, nor is it qualified to function as an exchange bank.

British Will Hold Japan Responsible for Oil Monopoly, Says Sir John Simon

Sir John Simon in making public the text of the British Government's latest note of protest to Tokyo regarding the Manchukuo oil monopoly, stated that the British Government is obliged to hold those who are responsible for the Manchukuo oil monopoly law and also for losses which it will entail for British interests. The British note, after rejecting the Japanese contentions as invalid, expressed regret that, instead of using its authority to ensure the fulfillment of assurances regarding the open door in Manchuria and treaty obligations, Japan attempted to justify the action, which involves a clear breach of these assurances and obligations.

Embassy Says German Ambassador Is Only Going to Korea

Japanese telegrams stated beginning of the week that Dr. Herbert von Dirksen, German Ambassador to Tokyo, was scheduled to begin a tour of Manchukuo this week, but a statement from the German Embassy later stated that Dr. Dirksen was going no further than Korea.

Manchukuo to Hold Exposition Next Year

Details of a proposed international exposition under the auspices of the Manchukuo Government to be held for 52 days commencing on August 5, 1936 at a cost of $2,000,000 were announced in Hsinking (Changchun) May 10.

Kwantung Army Sponsors Colonization Firm for Manchukuo

The Kwantung Army May 9, decided to sponsor a colonization company for rehabilitation and defence purposes, to be called the East Asia Development Co. It is to have a capital of Yen 10,000,000, and will operate in Manchukuo. Financing will be done by the South Manchuria Railway Co.

Fewer Chinese Peasants Go to Manchuria

Because of the restrictions placed by the Japanese authorities on the entry of Chinese peasants into Manchuria, only 34,750 Chinese peasants passed by Shanhaikwan in the month of April for Manchuria. In former years, more than 50,000 peasants went to Manchuria in April.

Many Japanese Picture Brides Proceed to Bleak Sungari Town

One hundred and thirty-six Japanese picture-brides, who had just arrived from Japan, departed from Harbin last week for Chiamussu, bleak settlement town on the banks of the Sungari river, where they will marry their fiancees, Japanese settlers there, whom they chose by looking at photographs. These girls answered a call of the Overseas Ministry for brides for emigrants to Manchukuo and hail from eight prefectures in Japan. Plans to encourage migration of more Japanese skilled laborers to Manchukuo are being studied by the Social Affairs Bureau in Tokyo.

$52,000,000 Invested by Manchukuo in Joint Companies

Investments of the Government of Manchukuo in the various Japanese-Manchukuo joint concerns total $52,700,000, of which $49,960,000 have already been paid up, the State Property Bureau of the Manchukuo Finance Department announced May 13.

Chinese Are Refused Permission to Establish Bank in Harbin

A message from Harbin states that an application of 16 Chinese money changers for the establishment of a joint commercial bank has been refused by the Manchukuo authorities, it being explained that the opening of new banks was not advisable in view of the present business conditions existing there.

Japanese-French Firm Extends Activities in Manchuria

Brossard Mopin & Cie., a French construction firm, has expanded its activities in Manchuria by joining with the Japanese East Asia Public Works Company in establishing the Far Eastern Industrial Co., Ltd.

War Minister Hayashi Will Start on Inspection Trip May 21

General Senjro Hayashi, War Minister and concurrently Chairman of the Manchurian Affairs Bureau, will depart from Tokyo for Manchukuo on an inspection tour on May 21.

Hsinking Palace to Be Rebuilt at a Cost of Yen 200,000

Plans for the expansion and the renovation of the present Imperial Palace at Hsinking (Changchun), at a cost of Yen 200,000 were announced May 9.

Hulutao Harbor Work to Be Resumed by Director General of Manchukuo Railways

Work on Hulutao harbor, interrupted since January, 1932, will be resumed this year by the Director-General of Manchukuo Railways, which has allotted $40,000,000 to complete the entire project in four years. Only $370,000 will be spent this year, to instal a water supply system and to add to the work or the consolidation of the existing piers.

1,000 Soviet Employees of C.E.R. Return to Russia

Out of the total of 13,000 Soviet employees of the C.E.R. and their families, who have to leave Manchukuo for Russia under the terms of the C.E.R. sale agreement, 1,000 have so far left the country. M. Rudy, who for more than five years was the Soviet manage of the Chinese Eastern Railway, has been appointed adviser to the U.S.S.R. Consulate-General in Harbin. Seven hundred and twenty Russian emigres have been engaged by the Chinese Eastern Railway since it was taken over by Manchukuo.

Soviet Representative Arrives in Japan to Supervise C.E.R Payment Purchases

M. Deutscheman, First Secretary of the Soviet Embassy, has arrived in Japan to represent the Moscow Government on the Japan-Manchukuo-Soviet Arbitration Commission in connection with Russian purchases which go towards the purchase price of the C.E.R.

First Contract for C.E.R. Is for Manila Rope

The first contract for the purchase of Japanese merchandise by the U.S.S.R. under the terms of the agreement for the transfer of Chinese Eastern Railway was concluded May 10 for 200 tons of Manila rope, valued at Yen 85,000, for shipment by the s.s. *Amakusa Maru* leaving on May 16 for Vladivostok.

American Economic Mission Visits Peiping, Hankow, and Kweihua

The American Economic Mission, headed by W. Cameron Forbes, proceeded to Peiping by train May 9 from Tientsin. Messrs. Forbes and Caroll called on General Ho Ying-chin, Chairman of the Peiping Branch Military Council, May 10. They later visited the Peiping Political Readjustment Council and the Peiping Municipal Government. While Messrs. Forbes and Caroll were calling on Government authorities, other members of the mission called on the Chinese Chamber of Commerce and the Bankers Association. Questions relating to commodities, currency, tariff and communications were discussed. The attention of the visitors was drawn to the repercussions of silver inflation on the Chinese monetary situation. At noon the party proceeded to the Summer Palace to attend a luncheon party given in their honor by the Peiping Municipal Government. Nelson T. Johnson, the American Minister, give a dinner party at the American Legation in honor of the Mission members.

Several of the members of the Mission proceeded to Hankow May 15. Nine members of the Mission, headed by Mr. Caroll, made a trip May 14 to Kweihua, where they were entertained by General Fu Tso-yi, Chairman of the Suiyuan Provincial Government.

The members of the Mission paid a visit to Nankai University at Tientsin May 7. In a speech of welcome, Dr. Chang Po-ling, President of the University, said that an anomalous situation has arisen in Sino-American commercial relations, largely from the fact that more American goods are purchased by the Chinese than Chinese goods by the Americans. Members of the Mission thereupon put the following question: (1) Has China any effective guarantee for American investment in China? (2) What has caused the decline of American trade in China since 1933? (3) Why is the present price of Chinese wool exported to America higher than the price in 1932? (4) Why are telegraph charges between China and the U.S.A. higher than those between China and Europe? (5) What assistance can America give for the development of rural conditions in China?

Chinese Delegation to Be Sent to U.S.A.

According to Lin Kong-hou, member of the Sino-American Trade Council, a Chinese Economic Mission will be sent to the U.S.A. in the near future. It delegates will pay special attention to the rural economy in America.

Larger Program of Wheat Improvement Work for Nanking Farmers

The Ningshu Agricultural Relief Association called a meeting last week to discuss the program for 1935 of extending the cultivation of that variety of improved seed wheat called No. 2905, which has proved to be very popular with the Ningshu farmers. According to field reports, the Spring harvest is going to be very good; the farmers using this variety of improved seed wheat will have their wheat production this year increased by 15% to 20%. It has been decided at that at least 150,000 catties of the best seed harvested this Spring be selected, stored up and distributed for cultivation this fall, that 30,000 mow of land in the Ching Hwai area south of Nanking be used for cultivation for 1935, and that the Bank of China be asked to furnish $22,500 as loans to the participating farmers for the work.

Siam Studies Japan as Model for Reforming Government

A *United Press* dispatch from Singapore May 10 in the course of calling attention to the trend in Siam to turn from Britain to Japan, mentioned that a deputation from the Siamese Parliament is at present in Japan, seeking to learn how Siamese institutions can be remodeled. The delegates are traveling at the Siamese Government's expense and the money for the purpose has come from the same fund which was devoted formerly to sending promising young students to Oxford and Cambridge or to Paris.

Ma Te-chi Succeeds Admiral Chen Shao-kuan at Kiangnan Dock

The resignation of Admiral Chen Shao-kuan from his concurrent post of Director of the Director of the Kiangnan Dockyard was accepted by the Executive Yuan May 7. Ma Te-chi has been appointed his successor.

The Ministry of Foreign Affairs has appointed Hsu Kung-shu as Special Commissioner of the Ministry to study economic conditions in Europe and America.

Wang Tan-tse, Chief Produrator of the Peiping District Court, has been appointed to the Hopei Provincial High, succeeding Wang Yung, deceased.

Wang Chi and Li Chung-huang were appointed members of the Control Yuan by the Central Political Council, May 8.

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The Downfall of Chinese Native Banks

BY PAUL K. WHANG 汪仲芳

THE frequency of the closure of native banks in Shanghai and elsewhere in China must be held as one of the principal causes which have driven the financial condition of the country into a near panic. True, the heavy drain of our silver stocks has caused an alarm to the general public, but our position would not be as bad as it is today, if the people would maintain their confidence in money-houses and leave their deposits with them without any sense of insecurity. The frequent bankruptcy of native banks has made them lose their confidence in every and all money to houses and become maniac in withdrawing their deposits and hoarding the silver. This sense of insecurity entertained by the public has invariably tightened the money market, hindered the smooth running of credit machinery, and cast a black shadow over the financial and economic conditions of the country.

The native banks, it must be said, have still played a very important role in the local money market, in spite of the opening up a large number of modern banking institutions in recent years. This is especially true in the inland districts where the modern banking system has not yet been introduced. The public has hitherto placed more confidence in the native banks than in the foreign-style banks for many reasons. First the system which originated from Shensi province has been successfully practised in this country for more than one century. Secondly, a native bank is a concern of unlimited liability. Its shareholders have been generally men of great means and high social standing. Although the capital of a native bank has been small, ranging from $50,000.00 to $200,000.00, the personal wealth and social standing of its shareholders have given it a guarantee of solvancy and reliability in the eyes of the public. And thirdly, the bankruptcy of native banks in the past have been few and far between, and even in case of bankruptcy, the managers and shareholers of the bankrupt banks, for the sake of safeguarding their personal honor and prestige, as well as upholding the good name of native banks as a whole, have discharged their obligations in full to the satisfaction of their depositors and other creditors.

Native Banks Enjoy Good Reputation

For these reasons, the native banks have enjoyed a very high credit throughout the country. The fact that they have been ready to grant loans on the basis of personal credit and friendship has made them all the more popular with the commercial world. Though the granting of loans without security is contrary to the sound banking practices, it, nevertheless, has given the business men a great facility in securing financial accommodations. Their present influence over the money market has been very much dwindled as a result of the invasion of foreign-style banks, but they have still maintained their position as an important part of the financial machinery in this country. So long as the public reposes its confidence in the native banks, this old banking system will continue to eke out its existence, although it has been often criticised as not being compatible with the needs of the modern business.

The public confidence in native banks, however, has been very much destroyed by the occurrences of the past few months. By the end of the last lunar year, as many as six local native banks professed their inability to meet their obligations and went through the expedient of liquidation. When the end-of-April settlement day drew near, two more local native banks closed their doors. The invariable cause of their insolvancy has been attributed to the inability to collect payments for loans and mortgages because of the general business depression. But according to those who have made careful investigations into this deplorable matter, we have been told that the failure of those native banks was principally due to unsound banking practices on the part of their managers and shareholders, who had extended large loans to their relatives and friends without any form of security, misappropriated the funds in their trust and conducted speculative real estate operations. While the book value of their assets may be much larger than their liabilities, the large part of their assets consist of bad debts and are, therefore, valueless. In all cases, the depositors have been left in the cold.

The matter would not be so deplorable, if the managers and shareholders of these bankrupt banks, in discharging their legal and moral obligations, would without hesitation meet all the claims with their own personal wealth, as rightly practised in the past. But the men of today do not always place their personal honor and prestige above the value of money, and in saving their wealth, they have been apt to resort to every means to evade their legal and moral obligations even to the extent of disguising themselves and seeking refuge in some havens, where the arms of Chinese Law can not reach. Woe to the depositors who must wait and wait for the long process of liquidation, and finally accept whatever the managers and shareholders of the bankrupt banks are pleased to give to them. The depositors of the six banks closed by the end of the last lunar year have not yet been able to get their money back. In one case, the shareholders, some of whom are reputed to be very wealthy, have merely offered fifty dollars for every hundred dollars deposited in their bank. In another case, the depositors have been told that they can get no more than 30% of their deposits.

This attempt to evade legal and moral obligations on the part of the managers and shareholders of the bankrupt native banks, if permitted and countenanced by the law, will not only cast a slur upon the native banks as a whole, but will also encourage illegal and fraudulent practices to swindle the innocent public. While the good name of native banks will be at stake, the public will suffer even more, as the unscrupulous native bankers will be apt to resort to bankruptcy as an expedient to enrich themselves.

As a measure to check this evil practice, the Ministry of Finance has recently issued an order to the Native Bankers Association requesting to make a thorough investigation into the circumstances surrounding the closure of a number of native banks recently in Shanghai. The Ministry, in its order, pointed out that the Central Bank, Bank of China and Bank of Communications had always been instructed to aid in the form of credit or mortgage loans whenever an emergency occurred, raised a serious doubt as to the real cause of the suspension of many a native bank for liquidation, requested that a thorough investigation be made so that appropriate punishment by law may be meted out if any one was found guilty, and concluded that the managers and shareholders of the native banks concerned would not be allowed to conclude their responsibility until all the debts and deposits were fully paid off.

Close Supervision of Native Banks Required

While the order such as this, if strictly carried out, may serve a good purpose for the time being, the Central Government should in the meantime formulate measures for the purpose of instituting a close supervision over the native banks. The Ministry of Finance have already taken steps in regulating the operation of modern banks after the frequent closure of small foreign-style banks last year, but the native banks have still their own way of doing things. In view of the big volume of business transacted by the native banks and the large amount of deposits they have drawn from the public, we believe that for the sake of guarding the public interest and preventing the unscrupulous native bankers from indulging in speculative operations and fraudulent practices, close government supervision over the native banks is really indispensable. In this connection, it must be also noted that many of the native banks in Hsuchow, Amoy, Swatow and other cities have issued and circulated private notes in the market, and that the failure of these note-issuing banks has frequently caused the public to sustain an inestimable loss. For the purpose of curbing this evil, the Central Government should prohibit the native banks from issuing private notes.

The native banks, as a result of the occurrences of the past few months, have suffered a great setback in their prestige and credit. The fact that they have been very popular with the Chinese public is principally due to their supposed reliability. But the recent happenings have conclusively proved that they are not any more reliable than the modern banks, and that the managers and shareholders are not prepared to discharge their legal and moral obligations. This revelation will certainly change the traditional attitude of the public towards the native banks. With the loss of public confidence, the native banks will have the difficulty in keeping their position in face of the invasion of the modern banks, which, under Government supervision and regulation, will become more popular with the public.

That the native banks can not adequately serve the requirements of modern business can not be gainsaid. A few of the far-sighted bankers have already conducted their business in accordance with the modern banking principles and practices. The present revelation of their weakness will hasten their fate towards extinction. The public confidence once lost can not be regained; and the money-houses without the public confidence can not be expected to be operated with success. With this in view, we have reasons to believe that as the time goes on, the important position occupied by the native banks in the money market will be gradually supplanted by the modern banks.

C.N.A.C. Announces Reduced Fares--- New Record on Peiping-Shanghai Run

The China National Aviation Corporation May 14 announced a reduction in fares on the Shanghai-Peiping run for both the Douglas and Stinson planes. The round trip fares will be $220, single trip $150. The new Douglas airliner of the China National Aviation Corporation set up a new record for the Peiping-Shanghai run April 19. The trip was made in three hours and-a-half, at an average speed of nearly 200 miles an hour.

The average monthly revenue of the Eurasia Aviation Company is reported to be more than $50,000. The revenue in March was increased by $5,000 compared with February.

Chinese Pilot Killed in Training Crash in Chicago

Willie Fong Kee, 20 years old, a Chinese aviation student, was killed last month when the wings of his training ship collapsed and fell off while he was practicing landings and takeoffs at the Curtiss-Reynolds airport at Chicago.

Air Transportation of Ore Contemplated in Japan

The use of airplanes to carry ore from mountain mines to urban traffic centers so as to reduce transportation costs and avoid delay was advocated in Osaka by Suetada Inouye in a meeting with officials of the Osaka Bureau of Mines.

Forty-eight U.S. Naval Planes Fly from Honolulu to Midway Island

Forty-eight United States naval airplanes, manned by 200 men, made a mass flight from Honolulu to Midway Island, an important base on the route from the United States to the Far East, May 9-10. The length of the hop is 1,323 miles.

Pan-American Steamer Lands Men and Equipment for Air Station on Wake Island

The ss. *North Haven*, pioneer ship of the Pan-American Airways, loaded with equipment, reached Wake Island May 9 where it deposited 113 men to build the Airway's intermediate station for the Pacific air service. The ship then sailed to Guam. Upon its return to Wake Island, it will pick up all of the workers with the exception of the twelve men who will become "permanent" residents of the island.

Amelia Earhart Makes Mexico City-New York Non-Stop Flight

Miss Amelia Earhart landed in Newark, N. Y., May 9 after completing the first solo non-stop flight between Mexico City and New York ever made. The aviatrix covered the 2,100 miles in 14 hours and 28 minutes,—a new record for the trip.

American Senator Killed in Airplane Crash

Senator Brinson from New Mexico was among four persons killed near Atlantic, Missouri, when an airplane crashed May 6.

Japan Flier Damages Airplane in Brussels

The Japanese aviator Katsutaro Ano, who started from London May 12 on a flight to Japan on a British monoplane, damaged the machine, when landing at Brussels, thus delaying him for 36 hours.

"Can't Get on with Mother!"

Girls more to be pitied than blamed.

A mother speaking of her seventeen year old daughter said, "She seems to be so irritable and peevish lately, I don't know what is the matter with her."

It is astonishing the number of girls of this age who 'Can't get on with mother'. They are fretful, cross, pale, complain of headaches,—a sad contrast to the bright girls they were a year or two ago.

Those backaches, the languor, breathlessness, irritability, tell the whole story to an observant eye. She is growing into womanhood and nature's demands at this time are more than she can bear.

She has aches and pains that no one pities because she is melancholy and silent, and her appetite plays tricks, her temper suffers in consequence. It is not really your girl's fault that she is cross, complaining, peevish. The trouble is due to the state of her blood which is far below par both in the quality and quantity.

Give her a course of Dr. Williams' Pink Pills, which are renowned for their blood creating, blood enriching properties, and you will soon notice a change for the better. It will show in her better temper, improved appetite, in the return of colour to her cheeks.

Delay is dangerous; give your daughter Dr. Williams' Pink Pills NOW. Obtainable from all chemists.

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Executive Yuan Considers Proposal to Establish Auto Factory

A proposal, submitted by the Ministry of Industry, for the establishment of an automobile factory was examined at a preliminary meeting held in Nanking May 10 of representatives of the Ministries of Industry, Railways, Communications and Finance, called by the Executive Yuan. The project will be a semi-official enterprise.

Canton to Build New Glass Factory

The Kwangtung military authorities have decided to build a glass factory at Canton. Soldiers will be taught to work in the factory.

Wuchang Headquarters Studies Measures of Reconstruction by Soldiery-Labor

A three-day conference was held in Wuchang last week for the purpose of discussing measures of national reconstruction by utilization of soldiery-labor. Owing to the absence of General Chiang Kai-shek, President of the Military Affairs Commission, General Chien Ta-chun, a department director of the Wuchang Headquarters, presided at the meeting. A number of concrete measures were decided upon regarding the enforcement of soldier labor in the work of national construction. These measures are being submitted to General Chiang Kai-shek for approval.

Fukien Wine and Tobacco Tax Administration Is Reorganized

A drastic reorganization of the administration of the wine and tobacco taxes in the province of Fukien was ordered last week by the Ministry of Finance in a special injunction to the Bureau of Stamp, Wine and Tobacco taxes for Fukien.

The rates, fixed by the Ministry of Finance, for the collection of the mining tax from the Joint Office of the Chungyuan Mining Corporation and the Pekin Syndicate, in northern Honan, have been enforced since May 6, according to a report received from the Tax Commissioner.

The Shanghai City Chamber of Commerce in a petition to the Ministry of Finance May 9 urged that the Customs Import Duty on certain categories of foreign products, for which native substitutes are available, be raised so as to relieve the acute industrial and commercial depression in this country.

N.E.C. Completes Shensi Irrigation System

The National Economic Council reports that the entire engineering scheme of the Weipei irrigation canal, built by the National Economic Council with a total cost of about $200,000 to irrigate the vast areas of farms in Shensi, as a fundamental measure for the prevention of drought, has now been completed.

Having completed their mission in Hupeh province, Messrs. Cheng Shao-ching, Director of the Hydraulic Engineering Bureau of the National Economic Council, and Chao Tsu-kang, Deputy-Director of the Highway Bureau of the Council, returned to Nanking May 8 from Hankow by steamer.

Fenglung Highway Is Officially Opened

The Fenglung Highway, linking Fenghsiang and Lunghsien in Shensi, which was recently completed, was formally opened to traffic at a ceremony at Fenghsiang May 10.

A total of 630 li (210 miles) of highway, at a cost of $302,000, has been constructed in southeastern Hunan to facilitate bandit-suppression operations, according to General Liu Chien-hsu, Pacification Commissioner of western Hunan.

Following the extirpation of communist bandits in northern Szechuen, the National Economic Council has made plans to start construction of the projected highway network connecting Shensi, Kansu and Szechuen provinces.

Income Tax Will Give China $10,000,000 Revenue a Year

The new income tax to be introduced on July 1 in expected to give the Nanking Government an annual revenue of more than $10,000,000.

T. V. Soong Elected a Director of Hankow Waterworks

T. V. Soong was elected a member of the board of directors of the Hankow Waterworks and Electric Light Co. Ltd., at the annual meeting of shareholders May 1.

Police Destroy Equipment for Illicit Salt Production

Over 60 revenue police were sent by the salt administration to the district of Kuan in Hopei last week to destroy all the equipment for salt production belonging to the peasants in order to stop private production of salt and to increase the revenue of the Government.

U.S. Cotton Survey Predicts Increased Chinese Production

A recent cotton survey issued in Washington stated that it is not improbable that cotton production in China will continue to increase, although perhaps slowly. The Kiangsu Provincial Cotton Improvement Bureau has decided to establish three Cotton Control Experimental Areas:—at Tungtai, southern Kiangsu; Powning, northern Kiangsu; and Nantung, south-eastern Kiangsu

Police Drive Famine Suffers Out of Huchow

After giving them a few cakes each, 200 famine sufferers were driven out of the city of Huchow on May 10 by the Huchow police.

Pathetic tales of the famine conditions in various districts of Hupeh province, are pouring into Hankow. Twenty persons have starved to death at Kaochiasiwan. An entire family at Puchi committed suicide by swallowing poison because of lack of food.

About 80 per cent of the grains which has been stored by the famine-stricken peasants in the Changsha area to relieve their situation, has been ruined by the prolonged rain. Plague has killed thousands of cattle in the districts of Lanshan, Sinnan, Linlin in the southern region of Hunan.

Prolonged drought in the districts of Yintin, southern Hopei, has made it impossible for the peasants to carry on their spring sowing. The price of land and stock is rapidly dropping. The revenue of the local government is rapidly decreasing also.

$1,500,000 Movable Dam Planned for Huai River

Construction of a $1,500,000 movable dam at Chiangpachen on the eastern bank of the Hungtse Lake is being undertakan by the Huai River Conservancy Commission, aiming at regulating the water in the Lake and facilitating navigation in the Huai River.

Kung Hsiang-yung, member of the Standing Committee of the National Water Conservancy, has been appointed Vice-Chairman of the Yellow River Conservancy Board.

A petition for permission to continue the Yellow River Flood Relief Lottery, in order to secure more funds for the relief work, has been despatched by the Hopei Provincial Government to the Central Authorities.

China Wants Extrality Abolition Negotiations Started Next Autumn

The *Central China Daily News* May 10 stated that China will issue a declaration this autumn to express her readiness for negotiations to abolish extraterritorial rights enjoyed by the nationals of treaty powers. The declaration will be issued simultaneously with a notification to the Diplomatic Corps informing the envoys of China's decision to revise the agreement under which the First Special District Court and the Second Branch Kiangsu High Court were established in March, 1936.

The Extraterritoriality Research Committee, formed by the Ministry of Justice, will be formally inaugurated next week, to make all preparations towards the abolition of extrality rights. According to a Waichiaopu official the Chinese Government is vigorously opposed to a proposal made by some foreigners in Shanghai suggesting the formation of an International Arbitration Court. It is consular jurisdiction in a disguised form, he added.

Japanese Prefer to See Fisheries Agreement Lapse

Telegrams both from Moscow and Tokyo this week indicated that both Japan and Russia are ready to consider minor changes in renewing the provisional fisheries agreement of 1932, which is due to expire May 27, this year. M. Litvinoff and M. Ohta have been discussing the terms of renewal in Moscow during the past two weeks. The Japanese intimated that they would rather see the treaty lapse.

Exports from Shanghai to America Drop During April

Exports from Shanghai to the United States during April declined more than U.S. $800,000 under the export total during the previous month, American Consular returns released this week revealed. The export total for the first four months of 1935, however, was more than U.S. $2,000,000 above the total for the January-April period of the previous year. One notable export increase was seen during April in frozen egg yolks, which were exported to a total valuation of U.S. $61,656 during the month, as against a blank score for March.

Six Hundred Chinese Miners Drowned in Shantung Coal Mine

About 600 Chinese miners and one Japanese engineer, named Aihara, were drowned in the flooding of the second shaft of the Tzechwan coal mine, on the Changtien-Poshan Branch of the Kiao-Tsi Railway, May 13. All rescue attempts had to be abandoned when in about 40 minutes water filled the shaft. The mine is owned by a joint Chinese-Japanese corporation. Following a request from the Japanese, Gen. Han Fu-chu sent troops the scene, as the relatives of the dead miners were threatening disturbances.

Who's Who in China

Chow Chih Jou, air officer; born at Lin Hai District, Chekiang, 1898; graduated from Paoting Military Academy; started his career as Lieutenant in the 2nd Division of the Chekiang Provincial Army; became instructor at the Whampoa Military Academy, Canton; served on the General Staff of the 21st Division and later as Chief of Staff of the 11th Division; made Regimental Commander in the 21st Division in 1927 and Brigadier General in the 11th Division in 1930; Vice-Commander and later Commander of the 14th Division; participated in the revolutionary campaigns in Honan, Shantung and Hunan, and in the Red-suppression Campaign in Kiangsi; toured the world studying aviation after he resigned his post as Vice-Commander of the 18th Army; returned to China in the spring of 1934 and has since been Commandant of the Central Aviation School; address: Central Aviation School, Shien Chiao, Hangchow.

周至柔
Chow Chih-jou (Chou Chih-jou)

周至柔，三十七歲，浙江臨海人，十一年畢業于保定軍官學校，同年分發陸軍第二師見習，旋充該師排連長，十四年任黃埔軍校教官，十六年服務于二十一師爲上校參謀長，嗣調任二十一師補充團團長，十九年升任十一師少將參謀長，不久復膺十一師三十三旅旅長之職，二十年擢任十四師副師長，明年升中將師長，二十二年受命爲十八軍副軍長，歷年參預北伐，河南，山東及江西剿匪諸役，累著功勛，廿二年六月奉派出洋，考察航空，去年春回國，奉簡爲中央航空學校校長，現供斯職。

Improving a Husband!

Some husband are better than others but few are entirely satisfactory. The worst of them, however, is improved when his liver and other internal organs are functioning properly.

A wise wife keeps her husband well and good tempered by an occasional dose of Pinkettes, the dainty little liver and laxative pills. All husbands need Pinkettes occasionally, and they are good for the wife and family too.

Pinkettes aid digestion, dispel constipation, banish biliousness and sick headaches, sweeten the breath, clear the skin, relieve piles. Chemists everywhere sell

TRADE MARK PINKETTES

Coca-Cola

Delicious and Refreshing

Watson's Mineral Water Co.

327 Kiangse Road

Tel. 12726

CUSTOMS NOTIFICATION No. 1444

The public is hereby notified that, in accordance with Government instructions, mosquito nets made of grasscloth will be exempted from export duty when exported abroad as from the 1st May, 1935.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 9th May, 1935.

CUSTOMS NOTIFICATION

No. 1445

With reference to Customs Notifications No. 1310 and 1392, the public is hereby notified that, in accordance with Government instructions, the preferential import duty treatment accorded to pure linens will not, on and after the 3rd April, 1935, be limited to cloth of plain weave and that all pure linen piece goods for which satisfactory proof (in the form of the bond specified in Customs Notification No. 1310) can be produced at the time of import that they are to be used solely for embroidering and similar hand manufacture will be passed according to Import Tariff heading No. 104, paying duty at 7½ per cent. *ad valorem*.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 11th May, 1935.

Men and Events

Geo. L. Shaw, prominent British business man and steamship operator at Antung, is a visitor to Shanghai.

Ten Chinese were killed instantly in an explosion and fire aboard an oil-carrier off the Texas Oil Company's plant in Hongkong May 11.

The Judicial Yuan May 7 decided that China will participate in the sixth International Conference for the Unification of Criminal laws.

The Executive Yuan has decided to make a donation to the University of Pittsburgh towards the erection of a Chinese Memorial Hall.

The Sino-German Cultural Association was formally inaugurated in Nanking May 12. Dr. Chu Chia-hua, Minister of Communications, presided.

Charles Chase, correspondent in Tokyo of the New York *Evening Post* sailed for the United States last week. He expects to return to Japan end of next month.

The ricsha pullers at Changshu, Kiangsu, went on strike last week because five coppers a day were being collected by the union to meet special expenses of the union.

A. Bland Calder, assistant U. S. Commercial Attache in China, accompanied by Mrs. Calder and their son, is planning to depart on June 1 for the United States on home leave.

Dr. S. H. Liljestrand of the College of Medicine and Dentists of West China Union University, who was in Shanghai on a business trip, returned to Chengtu, Szechuen, last week.

The Shanghai *Shun Pao* says the Japanese attempt to dump Japanese oil in the Chinese market has proven unsuccessful. Five thousand cases imported last month have not yet been sold.

The death occurred in the United States last week from apoplexy of Mrs. H. K. Wright, who for several decades was connected with the American Presbyterian Mission in Ningpo.

Miss Jean Frances Snider, daughter of Mr. and Mrs. F. M. Snider of Colton, California, and Eric Geddes, were married in a simple civil service at the British Consulate in Shanghai May 11.

Miss Alice Moore, whose name was joined with that of Dr. John W. Spies in a complaint lodged in the United States Court for China recently, died of dysentery in the P. U. M. C. hospital May 9.

At a meeting of the board of directors of the American Asiatic Underwriters, Federal Inc. U.S.A., held May 10, it was reported that the net profit from operations for the year 1934 was $144,199.65.

The death occurred in Stockton, California, last month of George Lloyd Smith, who had a long experience in managing hotels in the Far East in former years. He had resided in California since 1917.

Father Wilhelm Schmidt, a noted historical ethnologist, arrived in Shanghai this week on a lecture tour of China. In Japan he lectured at the Imperial University in Tokyo. He lectures both in English and German.

M. A. Pierce, former Police Commissioner at Los Angeles, was detained at Kobe and questioned for eleven days and fined Yen 30 on a charge of photographing forbidden zones from the deck of the *Tatsuta Maru* early this month.

Mrs. Alice Tisdale Hobart, well known author, after visiting in Peiping for two weeks, plans to sail from Shanghai for the United States May 19. During her sojourn here she has been the house guest of Mr. and Mrs C. A. Crispin.

A. W. Fairhurst, President of the Fairhurst Lumber Co., of Tacoma, Washington, which last year exported 110,000,000 railway sleepers to China, mostly to Shanghai and the Yangtsze Valley, was a visitor to Shanghai last week.

F. A. Merrick, president of the Westinghouse Electric Company, is expected to arrive in Shanghai shortly. He is at present in Japan, where he has been conferring with the Mitsubishi Company, who are the Westinghouse agents in Japan.

Baroness Evelyn Ungern-Sternberg of Tallinn, Esthonia, last month announced the engagement of her daughter, Miss Astrid Irene Ungern-Sterberg to Hendrik Bos, secretary interpreter of the Netherlands Legation. The wedding is to take place next Autumn.

Ettore Marchini, special correspondent for two leading Italian newspapers, *Il Lavoro* of Genoa and *La Stampa* of Turin, arrived in Shanghai last week and plans to spend several months in writing articles regarding conditions in the Far East. Mr. Marchini is planning shortly to depart for Szechuen.

Fireman Carlos J. Montgomery, U. S. Navy third class, was killed shortly after 6 p.m. May 15 when he was run ever by a bus near the intersection of Mohawk and Bubbling Well roads, Shanghai. His home town in the United States was in Memphis, Tennessee.

Four people were burnt to death and a rice storehouse was razed to the ground as a result of a fire outside of the Gate of Peiyingmeng (northern Barracks), Tientsin, May 14.

Three armed foreigners entered the jewelry store of Sennêt Freres in Nanking road, Shanghai, at noon May 15, bound up the manager and three Chinese assistants, and walked away with three trays of jewelry worth $150,000.

The death occurred in Peiping May 13 at the age of 70 of General John Munthe, best known for organizing the "Model Army" of the late President Yuan Shih-kai. In recent years he was an ardent art collector. His widow is a well known author who uses the pseudonym, "A. E. Grantham."

Prof. Arthur N. Holcombe, head of the history department of Harvard University, who is lecturing at Chinese universites, departed from Hankow last week for Peiping where he will lecture at Tsing Hua and the National Peiping university. Prof. Holcombe is accompanied on his present trip by Mrs. Holcombe and their two daughters.

The Chapei War District Industrial and Commercial Federation is compiling a list of persons who wish to benefit by the Industrial and Commercial Credit Loan, amounting to $5,000,000 to be raised by the Chinese bankers for the relief of small concerns who suffered damages in the Japanese invasion in 1932. More than forty applicants for loans have been registered.

Investigations are being made into the whereabouts of the Rev. Henry J. Bush, an American Roman Catholic priest connected with the Mary Knoll Mission in Kwangtung, who recently disappeared. The Chinese military authorities at Swatow have instructed the local garrisons in North-Eastern Kwangtung and South Kiangsi to try and locate the missing man.

The entire student body of nearly 200 girls was entertained at a garden party by the faculty of Ginling College in Nanking May 8. President Yi-fang Wu and Mrs. Lawrence Thurston, with other members of the faculty, acted as hostesses. Sports and contests were set up on the athletic field, and in the garden between two of the dormitories there was a soapbubble contest.

"Daughters of Earth," a novel by Agnes Smedley, originally published in 1929, has been revised and is being republished this spring by the New York publishing house of Coward-McCann. The book is a novelized autobiography of an American revolutionist and had an extensive sale when originally published. Miss Smedley is now residing in Shanghai and according to report is engaged in writing another book.

The Missouri Legislature last month unanimously adopted a resolution honoring Dr. Walter Williams, who resigned recently as president of the University of Missouri, because of ill health. The resolution stated that more credit for the success of the University of Missouri is due him than any other one living man. Dr. Williams has made several trips to China and has taken a great interest in the development of journalism education in China.

Replying to criticism of a certain section of the Japanese community who objected to Japanese banks joining in a holiday for the Silver jubilee of King George of England, when British banks do not observe a holiday on the occasion of the Japanese Emperor's birthday, a prominent Japanese paper in Shanghai editorially rebuked these objectors, stating that the jubilee was a special occasion, and British banks at any rate do not observe a holiday on the birthday of their own king.

Miss Katherine Dunlop and William Langhorne Bond, a vice-president of the China National Aviation Corporation, were married at the British Legation chapel, Peiping, May 15. Mrs. Lewis Clark, wife of one of the American legation secretaries and Harold M. Bixby, a vice-president of the C.N.A.C., were the only attendants. A number of prominent Shanghai residents including Dr. George Sellett, a director of the C.N.A.C., proceeded from Shanghai to Peiping by airplane May 14 to be present at the wedding. Mr. and Mrs. George Thomas Dunlop of Washington, D.C., parents of the bride were present at the wedding. A reception was held immediately after the wedding at the American Legation. After June 1 Mr. and Mrs. Bond will reside in Shanghai.

Shanghai Women's Club Discusses Vocational Future of Girls

Vocational guidance for girls in Shanghai was discussed at a two-day Club Institute of the Joint Committee of the Women's Organizations held at the American Women's Club last week. Mrs. J. S. Whitney presided. Mrs. John S. Barr and Mrs. Carlton Lacy made the principal speeches. The theme of the meeting generally was that women of Shanghai should improve the standards of household employment and that men should pay their employees decent wages and keep reasonable hours. It was pointed out that the problem confronting everyone at present is what to do with the thousands of foreign children in Shanghai schools to-day, who will be leaving school in the near future.

America Refuses to Peg the Dollar by Unilateral Action

Henry Morgenthau, the Secretary of the Treasury in a broadcast May 13, said U. S. will refuse to peg the dollar by unilateral action while other nations continue to take advantage of unstabilized currencies. He declared that Washington would not put any obstacles in the way of international currency stabilization, but argued emphatically that the United States could not take the lead in that direction. He declared that the present U.S. silver policy will be continued.

America Will Not Impose Import Quota on Japanese Goods

The United States will not impose an import quota upon Japanese textiles. Daniel C. Roper, Secretary of Commerce declared last week that all nations must be treated equally in trade matters and that it would be an unfriendly act to impose special trade restrictions against Japan.

A. F. of L. Backs Extension of N.R.A. for Two-Year Period

The support of the American Federation of Labor has been thrown behind the Administration's efforts for continuance of the National Recovery Act for two years. Meanwhile, the present N. R. A. Law is being argued before the U.S. Supreme Court, where Donald Richberg, head of the National Administration, is eloquently defending the recovery act.

Senate Group Approves Agricultural Re-Financing Measure

The Agricultural Committee of the Senate May 3 approved the inflationary Frazier-Lemke Bill under which the government will refinance farm mortgages at low interest amortization rates by means of a $3,000,000,000 note issue.

Appeal Filed for Negro Already Hanged

An appeal on behalf of Rush Griffin, the 19-years old negro who murdered Lawrence L. Lyon, a medical student (son of Dr. D. Willard Lyon formerly of Shanghai) in Los Angeles last November, was lodged in the San Francisco courts May 13 against the death sentence. The serio-comic angle to the incident is that the negro had already been hanged in San Quentin Prison Apr. 4, through the error of a court official in not notifying the warder that a stay of execution had been granted.

Chinese Railway Official Who Helped to Smuggle Heroin Is Executed

Hu Yen-yu, a member of the baggage department of the Tientsin-Pukow Railway, was arrested in Tsinan May 1 by railway guards on a charge of smuggling heroin, in league with two narcotic dealers. A search resulted in the discovery of 380 packages of heroin in the baggage compartment of the train. Hu was executed May 14, by order of General Han Fa-chu.

33 Drug Addicts, Dealers Executed in Nanking

A total of 33 drug addicts and dealers were executed in Nanking during the fourteen months from March 1934 to April 1935 by the Metropolitan Policy Headquarters. Lu Fu, a notorious drug trafficker in North China, was executed at Loyang, May 11.

Korean Opium Peddlers Arrested in Tokyo

A gang of 15 Korean laborers that had been distributing opium throughout Japan and in Shanghai were arrested by Tokyo police early this month.

Poppy Cultivation Encouraged by a Honan Magistrate

The *Shensi Shan Chun Jih Pao* states that a magistrate in one of the districts of Honan province is openly violating the regulations of the provincial government for the prohibition of poppy cultivation and is encouraging the cultivation of the poppy.

The Ministry of Foreign Affairs is in receipt of a communication from the League of Nations inquiring whether any heroin has been imported into China during recent years and how far China has enforced Article 10 of the 1931 International Convention governing opium-suppression.

Why Children Grind Their Teeth in Sleep.

When children grind their teeth it most usually is a sign that they are troubled with worms. Other symptoms are irregular appetite, bad breath, pain in and swelling of the abdomen, irritation in the nose, failure to make proper progress in development. Administered for a few days Baby's Own Tablets drive out worms, and a marked improvement in appetite and general health speedily follows.

As a remedy for infantile indigestion, constipation, colic, vomiting, diarrhoea and simple fever these tasteless little tablets have no equal. They allay the pains of teething almost as if by magic, bring restful comforting sleep in a natural way, are guaranteed free from opiates, narcotics or other injurious drugs. Of chemists everywhere.

Baby's Own Tablets

In the United States Court for China

DOROTHY LYMAN GREEN, Plaintiff, vs. RALPH THOMAS GREEN, Defendant.	Cause No. 3856 Civil No. 1802 ORDER. Filed at Shanghai, China, this 27th day of April, 1935. William T. Collins, Clerk.

ORDER

The object of this suit is the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS plaintiff herein by her attorneys, on the 27th day of April, 1935, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 27th day of April, 1935, the summons for the defendant was returned by the Marshal of the United States Court for China "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 27th day of April, 1935, Dorothy Lyman Green, the plaintiff herein, filed an affidavit to the effect that the defendant herein was not residing in the Republic of China;

NOW, THEREFORE, it is this 27th day of April, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in *The Chnia Weekly Review*, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 18th day of May, 1935, the day of the last publication of the Order; otherwise the case will be proceeded with as in cause of default.

BY THE COURT.

MILTON J. HELMICK,
Judge,
United States Court for China.

THE TANAKA MEMORIAL

Much debated secret document outlining Japan's imperial policy of conquest—supposedly presented to the Emperor of Japan by Premier Tanaka on July 25, 1927.

Although officially repudiated, Japan has nevertheless followed the Memorial's recommendations since 1931.

Preparing for War with U. S. A.?

The Tanaka Memorial should be read by all students of the Far Eastern Question. Send for a copy, the price is only 10-cents, with an additional 5-cents for postage.

Address orders to

THE CHINA WEEKLY REVIEW

160 Avenue Edward VII
Shanghai.

Finance Ministry Prepares to Collect Inheritance Tax

Preparations are being started by the Ministry of Finance for the collection of an inheritance tax. Regulations are being drawn up by the Ministry and will be completed before the end of this month.

Kiangsu Budget Faces Deficit of More Than $2,000,000

The budget of Kiangsu provincial government for the fiscal year of 1935-1936 shows a deficit of more than $2,000,000.

Kiangsu Province to Print Budgets in Local Newspapers

Among the general principles for the guidance of the District Governments in the enforcement of the budgets for the 24th fiscal year (July 1, 1935-June 30, 1936) adopted by the Kiangsu Provincial Government Committee at its regular meeting at Chinkiang May 3 was one that the budgets, after approval by the Kiangsu Provincial Government, should be published in *extenso* in the newspapers.

Native Chekiang Banks Given Permission to Issue Notes

The Shanghai *Mainichi* May 10 stated that the position of the so-called "Chekiang financiers" is becoming worse every day. About one-third of the total deposits in Shanghai banks are in the hands of the native Chekiang banks. They loaned about 150 million dollars to militarists and the National Government at Nanking, and now that their loans have not been repaid, they have been given permission by the Nanking Government to issue bank notes.

New Regulations of the Central Bank Passed by Legislative Yuan

The revised regulations governing the organization and function of the Central Bank of China were passed by the Legislative Yuan May 9.

The Central Bank Writes Finis in the History of the Tael

Two years having elapsed since the abolition of the tael, the Central Bank of China has wound up the department in charge of matters relating to the exchange of sycee taels into standard silver dollars. The tael as a monetary unit was officially abolished on April 6, 1933.

Head Office of Central Bank to Be Removed to Nanking Next Year

The Ministry of Finance plans eventually to remove the head office of the Central Bank of China, now located at Shanghai, to Nanking, but in view of the lack of accommodation at present the removal is not likely to be effected until next year.

Szechuen Wants $23,000,000 Loan for Note Adjustment

The Szechuen Provincial Government is seeking a loan of $23,000,000 from the Central Bank of China, Chungking, for the readjustment of bank-note issues by the local banks.

Japanese Journal Says Nanking Asks Loan from U.S.A.

The Japanese *Shanghai Mainichi* May 9 stated that the Nanking Government is asking for a new loan from the Government of the United States through the American Economic Mission. It is reported that Dr. T. V. Soong and Dr. H. H. Kung have asked the Mission to communicate with the U.S.A. Government and to express the desire of the Chinese Government for the discontinuance of the silver purchasing program, which has been detrimental to the Chinese national economy, and the desire of the Chinese Government for a loan from America so as to re-establish the economic stability, provided the latter should be unable to discontinue its silver program immediately.

Nanking Branch Bank Manager Accused of Huge Defalcation

A stir has been caused in local Chinese banking circles over the recent disappearance of managers of certain native banks and of the heads of outport branches of several important Shanghai Chinese banking institutions. Twelve men, including the manager of the Nanking branch of the Bank of Communications, were brought before the Nanking District Court last week on a charge of misappropriating $400,000 belonging to the bank. Among the accused is Kuh Hsing-hwa, the manager, of branch of the bank, who was said to be the master mind of the misappropriation.

Statistics of Silver in Shanghai Banks

According to statistics released by the Economic Research Department of the Bank of China, amounts of silver stored in Chinese and foreign banks in Shanghai up to May 11 are as follows:

Bank of China	$ 81,317,000
Central Bank of China	106,305,000
Bank of Communications	39,420,000
Total for Chinese banks	$285,168,000
Total for foreign banks	53,730,000
Total in Shanghai banks	$338,898,000

Communism Will Lead to "Unrestrained Procreation"—Says Bronson Rea

(Japan Chronicle, Kobe, May 5)

There is to be war in Asia: we have it on the authority of George Bronson Rea, publisher of the *Far Eastern Review* and adviser to Manchukuo, who, according to *Rengo*, has made a statement in Vancouver that the rapid increase in the population in China, Japan, and Russia is the sole basis of the Oriental Problem. Says Mr. Rea, "You can't stop millions of people fighting for the right to live, and do not forget that the Japanese are born fighters." *Et tu Brutel* It is very unkind of Mr. Rea, after all that Japan has done for him, to brush aside in this flippant way Japan's maintenance of peace in the Far East (or in Eastern Asia) for so many years. He advises the Occidentals to sit tight and let the war be fought on the plains of Asia. As there is rather a shortage of plains in Japan, the next Armageddon will presumably take place in China: it is nice and flat round about Shanghai. In his recent deplorable book about Manchukuo, Mr. Rea says that Communism in China is a great danger because the prospect of having their children looked after by the State will encourage the Chinese to unrestrained procreation. Then what is it that makes Japan increase? If Communism is such a stimulant to the population we shall have the military men all getting red.

Greater Shanghai Insists That Foreign Landholders Shall Pay Taxes

J. K. Choy, Commissioner of Finance for Greater Shanghai, issued a notification last week to foreign lease-holders of land in the Municipality of Greater Shanghai and to foreign consulates that the Bureau of Land has been instructed to withhold transfers of land bearing the *Ta Ti Cheng* or the *Yung Tsu Chi* on which payment of the tax is in arrears, and calling attention to the law that landowners failing to pay taxes due within the prescribed period shall be required to pay interest in addition to the amount of tax due, and that the Bureau may also collect from the income of the said land to cover taxes due. The Bureau may also, on the approval of the City Government, sell the said land by auction to recover the taxes and interest due. It was stated that American and British lease-holders have been paying the tax regularly, but the Japanese, Belgians and French have so far refused to comply.

A reply was sent by the Japanese Consulate-General to the Municipality of Greater Shanghai declaring that the Municipality has no right to apply such a tax to extraterritorial nationals without the consent of the interested Powers.

Shanghai Special District Court Agreement Comes Up for Revision Next Year

The agreement governing the status of the First Special District Court of Shanghai, which expired two years ago and which was at that time prolonged for another three years, will expire in March, 1936. The *China Times* May 11 said the Chinese authorities are making preparations to revise the status of the Court. The proposal by foreigners to organize an international court in Shanghai is regarded as detrimental to Chinese sovereignty and is not different from extraterritoriality, and the Chinese government will not accept any such arrangement, the *China Times* said.

Chinese Industrialists Secure British Loan to Develop Coal Industry

The *Shanghai Mainichi* (Japanese) says an "industrial loan" of $20,000,000 has been concluded by Dr. Wang on behalf of Chinese industrialists with British concerns including the China Syndicate, Arnold & Company, and the Sassoon Bank, for the purpose of the regeneration of the Chinese coal mining industry. The loan was concluded through the mediation of O. S. Liu, managing director of China Merchants' Steam Navigation Company.

An Osaka message in the same paper mentioned that Sir Miles Lampson had expended tremendous energy in trying to secure the monoply of oil and coal production in Szechuen province.

Two Hundred Thousand Dollars Set Aside for Oct. 10 Athletic Meet

Expenses for the National Athletic Meeting to be held in the Civic Center Stadium at Kiangwan, on Oct. 10, have been fixed at $200,000. A total number of 43 athletes has been selected as Shantung's representatives to the Oct. 10 Meet.

The eighth annual Kiangnan Intercollegiate Athletic Meet took place at the Athletic Field of the National Central University in Nanking, commencing May 10.

U. S. Scores Against China in Davis Cup Games

The American team scored a clean sweep in the final matches against China in the first round of the American zone of the Davis Cup contest held at Mexico City, May 12.

New Books of Interest in the Far East

An Intimate Account of Chinese Village Life

Yellow Rivers, by Earl H. Cressy; Harper and Brothers, New York, 1932. 150 *pages. Illustrated.*

Mr. Cressy has written an intimate account of Chinese village life from the standpoint of an itinerating missionary. The interplay of clannishness, factions, gang interference, and Christian uplift and endeavor is well set forth.

The narrative is smooth and interesting. Many of the descriptions are particularly good. Here is a paragraph which paints a vivid picture: "The road turned the corner of the wall and became the village street, narrow, cramped and hemmed in by unsightly buildings afflicted with an architectural eczema where the whitewash and mud coating had peeled off. Scavenger pigs wallowed in the mud and slime ever renewed by the refuse flung out through doors and windows, and dogs, half-naked children,and half-grown chickens, dyed grotesque greens and purples for purposes of identification, disported themselves amid clouds of flies and abundant odors. Their small guide entered a doorway and led them through the maze of rooms and passages of the great clan house. The floors were of mud, damp and dirty from the coming and going of dogs, chickens, and pigs who were perfectly at home there. The low ceilings were covered with soot, and walls and pillars were dark from the contact of multitudinous hands. The occasional small, high, barred windows let in little light and less air. At length they came to a 'heaven well', a courtyard paved with stone, off which opened the communal reception-room, which had a certain touch of that dignity and sense of the fitness of things which is seldom absent from Chinese life, however humble."

The missionary had a fine discernment of characters and situations and this gave him a power and a helpfulness beyond the ordinary. The situations met by him show interesting traits of the Chinese and exemplify the problems that confront Christian workers in this land. The matching of wits, the subordination of clan and personal pride to the dictates of a Christian ethic are well brought out in this short volume.

The book is not written in a critical spirit, but in an appreciative one. A fact that is particularly pleasing to us is that the conversation between the Westerner and his Chinese friends and colleagues is given in colloquial English with no attempt to translate the Chinese in a stilted, word-by-word method. All through the book we find appreciative paragraphs like the following:

"The Chinese people have an admirable assortment of polite observances, which suit all occasions and which enable them to meet in a fitting manner circumstances that would to other peoples be highly embarrassing, these being indeed the Confucian appartus for the orderly conduct of life, which in Chinese eyes rises almost to the dignity of religion."

"In no country is more importance attached to propriety and what is right and fitting than in China, but the intensely practical character of the people leads to the paradox that the man most generally admired by the populace is the one who can get away with it."

The book is attractive in make-up, type and line illustrations. Mr. Cressy presents a well-drawn picture of the life he has chosen to depict and we feel with the hero of the book that the missionary impulse has been a good one,but that its influence cannot be measured in months and years, but in generations. At the books's end, when the missionary lies ill, he reflects, "It has been worth it all. It is a great adventure."

May 10, 1935. G. B. S.

Japanese Attempt to Kill U. S. Aviator in Shanghai Gaiety Club!!!

"There was a shout and a table crashed . . . . I was hemmed in by men on three sides and a glance over my shoulder showed me that the heavy waiter was just behind my chair, probably waiting to fall on me or knock me over from behind." Thus was K. C. Lee, once well-known American airman "framed" by Japanese gangsters who wanted to kill him because he failed to deliver a certain message. The message had something to do with plans for a new-type Japanese warship which had been stolen from the Tokyo Navy Department.

The above constitutes the gist of the last paragraphs of Chapter IV of J. P. Marquand's latest thriller now running in the *Saturday Evening Post*. Marquand, who spent considerable time in Shanghai last year, has accomplished what every amateur fiction writer in the Far East has attempted and failed. He has woven a story about an American aviatior, intelligence officer, Japanese secret service operator, a Chinese gangster and last but not least a beautiful blonde Russian girl spy. The title of the story is "No Hero," and for those who like thrills, with plenty of anti-Japanese propaganda thrown in for good measure, read it by all means.

Marquand's previous novel in the *Post*, "Ming Yellow," now out in book form, also was a story about Chinese life dealing with a collector's search for a set of valuable but elusive porcelain.

In the United States Consular Court, Shanghai, China

In re.
Estate
of
EUGENE ALBERT
SILAGI,
Deceased

Special Proceedings
No. 157.
NOTICE
Filed at Shanghai, China,
April 16, 1935.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of EUGENE ALBERT SILAGI, deceased, to present the same with vouchers to the undersigned on or before October 26, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

N. F. ALLMAN,
Hamilton House,
Shanghai, China.

Shanghai, China.
April 16, 1935.

In the American Consular Court for the District of Shanghai

NATIONAL COMMERCIAL BANK, LTD.,
Plaintiff,
vs.
JOHN M. MURRAY,
Defendant.

Civil No. 721
COMPLAINT.
Filed at Shanghai, China,
May 2, 1935.
William T. Collins, Clerk.
L. T. Kenake, Asst. Clerk.

ORDER

The object of this suit is to recover the payment of rent and to have judgment of condemnation of certain property of the defendant levied on under an attachment issued in this suit to satisfy the plaintiff's claim.

It is therefore, this 10th day of May, 1935, ordered that the defendant appear in this court on or before the fortieth day, exclusive of Sundays and legal holidays, after the day of the first publication of this order, to defend this suit and show cause why said condemnation should not be had; otherwise the suit will be proceeded with as in case of default.

BY THE COURT:

A. H. DRISCOLL,
Acting United States Commissioner,
Ex-Officio Judge of the Consular Court
for the District of Shanghai, China.

American Navy Completes Huge Maneuvers in Pacific

THE U. S. naval maneuvers in the Pacific—the greatest in the country's history—in which 153 war vessels and 500 planes took part—came to an end May 12, the final stage being a voyage by 42 warships from San Francisco to Hawaii. The field of operations included about five million square miles. The final day of the maneuvers was marred by two serious accidents. The destroyer *Lee* rammed the destroyer *Siccard* near Honolulu before dawn; the sharp prow of the *Lee* turned the after-deck of the *Siccard* into a shambles. Gunner's mate Chadwick was killed almost instantly, four were seriously injured, and a number of others slightly. A seaplane which took off from the U. S. S. *Saratoga* at 60 miles an hour, struck the slipstream of another plane, thus throwing control out of the pilot's hands. Both plane and pilot disappeared beneath the surface, leaving no trace.

Night air raid maneuvers will take place over Honolulu some time next week.

A recent message from Washington stated that among the questions to be determined by the maneuvers was whether it would be practical and feasible for an enemy to attack and land forces on the Alaskan coast and convert that area into a base for a subsequent attack on the United States mainland and whether the establishment of naval, military and air bases on the Alaskan coast or a short distance inland would add materially to the defence of the United States.

Rear Admiral W. H. Standley in a recent interview stated that the U. S. naval maneuvers in the Pacific were being held within a triangle, every point of which is American soil. Denying that the maneuvers were aimed at any other nation or that they were for any other purpose than training the fleet in an area that would have to be defended in any conflict, he said the program was scheduled long before the London naval conversations. Heretofore problems have been worked out in the West Indian and Canal Zone areas. The navy has long desired to have maneuvers in Alaskan waters, and the discussions in London had neither added to nor subtracted from the desire, he declared. Admiral Standley added that there has apparently been considerable misunderstanding about the maneuvers.

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HITLER SAYS GERMANY WILL NOT FIGHT FOR THE BOLSHEVIKS

Adolph Hitler in an interview on the *Literary Digest* May 10 stated, "We will sign non-aggression pacts but we will not conclude a multilateral, mutual assistance pact in the east. Under no circumstances will Germany fight for the Bolsheviks. Rather than sign such a pact, I would prefer to be hanged." In regard to the return to Germany of her former colonies, Herr Hitler said, "Our return to the status of a colonial power surely would be a recognition of German equality with other civilized powers."

Herr Hitler was expected to make a declaration this week insiting that Germany shall be given back her colonies, which she lost after the war. The Tokyo *Yomiuri* stated that this is a matter in which Japan is vitally interested.

Soviet-Czechoslovakian Pact to Be Signed Shortly

Advices from Prague state that a Soviet-Czechoslovakian pact will be signed shortly.

Soviet Representative Protests Against Military Organization of Emigrants

The Soviet representative Hirschfeld, in a number of speeches at Geneva last week, emphasized the necessity for prohibiting terroristic activities by emigrants, particularly the necessity for controlling armed bands and prohibiting the military organization of emigrants.

China Is a Purchaser of Swedish Arms

Sweden's statistics on exports of war meterials in 1934 were published in Stockholm May 7. Iran (Persia), China and Norway were shown to be the principal clients of Sweden's armaments industry.

Joseph Pilsudski, Founder of Modern Poland, Dies at Warsaw

The death occurred in Warsaw May 12 at the age of 68 of Marshal Joseph Pilsudski. Mr. Hirota, Japanese Foreign Minister, recalled an interview with Marshal Pilsudski 30 years ago, when the latter, a political exile, sought refuge in Japan.

Japan Plans to Develop South Seas Islands

Carrying with him draft plans for a drastic reform in the development of the territory under his jurisdiction, Hisao Hayashi, governor of the South Seas Islands under Japanese mandate, left Yokohama May 12, for his post in Palao. These measures envisage improvement of general administrative methods in the island, as well as policies for increased colonization.

Admiral Phelps Advocates Warning to Japan

Rear-Admiral Phelps, retired, who commanded the United States Asiatic Fleet in 1922 and 1923, declared before the Military Order of the Loyal Legion of the United States May 2 that only a plain warning spoken in terms of sea power will deter Japan from eventual conquest of lands held by Western nations in the Southern Pacific.

French Foreign Minister on Visit to Moscow

A series of discussions with outstanding Soviet leaders including Kalinin, were held in Moscow, May 14 by Pierre Laval, French Foreign Minister, who has arrived in the Russian capital to confer with Russian diplomats on important questions affecting the international policy of France and Russia.

U. S. Senator Sees Japanese Moving into Philippines

Senator Gibson from Vermont declared in Washington May 9 that the Philippines would be better off if they had some form of independence under the United States. He declared that Japan was moving into the Islands just as the U. S. was moving out, and that America's withdrawal may bring Great Britain and Japan face to face in the Philippines with a common problem, the solution of which may result in the signing of a secret treaty to delimit the world's influence and control of trade in the Islands.

Filipino Athletes Will Compete in Japan

Twenty of the best Filipino track and field stars and five picked boxers will leave Manila on May 22 for an athletic contest in Japan. They will be followed shortly afterwards by a basketball team of 15 members.

Filipinos Vote Overwhelmingly in Favor of New Constitution

Elections held throughout the Philippine Islands May 14 resulted in an overwhelming approval of the new Constitution, providing for eventual independence. Women went to the polls in great numbers.

Japanese Say B.A.T. and Kwangsi Are Negotiating for a Monopoly

Japanese reports stated that the British-American Tobacco Company and Yang Cho-an, head of the Bureau of Industry and Commerce of Kwangsi province are negotiating, with a view to giving the B. A. T. a monopoly to purchase tobacco leaves in the province of Kwangsi, in exchange for the latter lending $5,000,000 annually to the Kwangsi authorities for the improvement of tobacco cultivation in the province. Mr. Yang is also stated to be negotiating with the British tobacco company for a new loan of 20 to 25 million dollars, against the monopoly of purchasing tobacco leaves in the province for fifteen years. A denial of the alleged negotiations was made by the B.A.T.

Arthur S. Wills, Director of B. A. T. Subsidiary, Leaves U.S. $17,498,000

A fortune equivalent to $17,498,000 in American currency or approximately $45,000,000 in Chinese silver currency, was left by the late Arthur Stanley Wills, who died recently in London. Mr. Wills was a member of the famous tobacco family of the same name which operates in China and elsewhere in the Orient as an affiliate of the British-American Tobacco Company. The well-known brand of cigarettes, "Three Castles," which are widely advertised in China by the B. A. T. are products of the W. D. and H. O. Wills factories, of which Arthur Stanley Wills was an executive. The British government assessed an inheritance tax equivalent to U. S. $8,700,000 against the Arthur Stanley Wills estate, according to an announcement on April 13 when the will was admitted to probate in London. Twelve members of the Wills family have died since 1909, leaving estates having a total value equivalent to U.S. $207,620,000.

Judge Helmick Holds Trial at Tientsin of Cases Originating in Harbin

Among the cases tried this week by the U.S. Court for China at Tientsin were that of the Hongkong and Shanghai Banking Corporation vs. the Welfsohn Company and The Welfsohn Company in bankruptcy. Both cases had their origin in Tientsin. The *China Press* in an article pointed out that Judge Helmick, by holding the trial of these cases in Tientsin, instead of Harbin, has avoided bringing up an important point in the present-day relationship between the United States and Japan. Under treaty rights, the jurisdiction of the U.S. Court for China extends throughout Manchuria, since the United States has not recognized Manchukuo.

U.S. Marshal Edward L. Faupel departed for Tientsin this week, following receipt of word that Judge Helmick had imposed a six months' sentence on James D. Franklin for an assault on a Chinese, and who is to serve his sentence in Shanghai.

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The National City Bank of New York, Rates of Exchange

Shanghai, May 15, 1935

Demand selling rate on America:	U.S.$1.00=Sh. $ 2.44
Demand buying rate on America:	U.S.$1.00=Sh. $ 2.40
Demand selling rate on London:	£1.0.0=Sh. $11.88
Demand buying rate on London:	£1.0.0=Sh. $11.74

Latest New York Stock Exchange Quotations

May 15, 1935
Business Done:-
Total Volume: 1,210,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale May 13	Last Sale May 14
124⅛	90¼	4.00	American Can	124⅛	124
22½	14⅝	0.40	Amer. Cyanamid "B"	18½	18⅞
13⅜	2	—	American & For. Power	4	3⅞
38⅝	9¼	—	American Locomotive	12⅛	12⅝
17⅝	10	—	American Radiator	14¼	14¼
51¼	30¼	—	American Smelting	44⅝	43⅞
125¼	99¼	9.00	American Tel. & Tel.	118½	116⅝
89	67	5.00	American Tobacco "B"	86	86⅜
27⅝	7¼	1.00	American Waterworks	11⅝	10⅞
17⅜	8	—	Anaconda Copper	15¼	15⅜
73⅝	26⅜	2.00	Atchison, S. & S. Fe	41⅜	41¼
35¼	21⅜	1.00	Atlantic Refining	25⅞	26
57⅜	15	—	Auburn	20½	21
34½	7⅜	—	Baltimore & Ohio	11¼	11½
23⅞	9⅜	—	Bendix Aviation	15	14⅞
49½	22½	—	Bethlehem Steel	26⅝	26¼
11¼	6½	—	Boeing Airplane Co.,	8⅛	8⅜
28¼	19⅞	1.60	Borden Co.	24¼	23⅞
35	16⅛	1.50	Borg Warner	34⅝	34½
18¼	9½	—	Canadian Pacific Railway	10⅜	10¼
86⅜	35	—	Case, J. I.	59	58¼
47⅜	23	1.00	Caterpillar Tr.	47¾	47¾
40⅜	15⅞	1.40	Chase National Bank	21½	21⅝
48⅜	37½	2.80	Chesapeake & Ohio	43	43½
60⅜	29¼	1.00	Chrysler	44¾	45⅛
19¼	3⅜	—	Columbia Gas & Electric	6¾	6⅜
36⅜	15⅜	0.60	Coml. Solvents	20½	20⅞
3⅜	0⅜	—	Commonwealth & Southern (ord.)	1⅛	1⅛
47⅜	16¼	1.00	Consolidated Gas of N. Y.	23⅜	23¼
22⅜	15⅛	0.50	Continental Oil	21¼	21¼
84½	55½	3.00	Corn Products	73½	73⅝
9⅞	3⅜	—	Coty Inc.	4¾	5⅛
28½	14½	—	Douglas Aircraft	25⅜	25⅜
168⅞	80	3.25	Du Pont de Nemours	99½	99½
23½	3¾	—	Electric Bond & Share	7¾	7
17½	8¼	—	Fox Film "A"	12	11¾
25¼	16⅞	0.60	General Electric	24⅞	25
36⅞	28	1.80	General Foods	35	35½
42	24⅝	1.50	General Motors	32	32¼
23	14½	1.20	Gold Dust	15½	15¼
4 ⅜	16	—	Goodyear Tire & Rubber	19	18⅞
37⅜	18⅜	0.25	International Cement	27¾	27⅝
29¼	21	0.60	International Nickel	29	28¾
17⅜	5⅝	—	International Tel. & Tel.	7⅞	7⅝
66⅜	39	—	Johns Manville	49½	49½
23¼	14	0.60	Kennecott	19½	19¼
39¼	20⅜	2.00	Loew's Inc.	39	39⅝
22½	15⅜	1.20	Lorillard	21¼	21¼
35⅜	20	—	Montgomery Ward	26⅝	26¼
49½	22¼	2.00	Nat. Biscuit	26½	25½
48	16⅞	1.00	National City Bank	20½	20⅞
18⅜	13	1.20	Nat- Dairy Prods.	15	15
31⅝	16	0.50	National Distillers	24½	24¼
15½	5	0.80	Nat. Power & Lt.	8⅜	8¼
45¼	12¼	—	New York Central	17	16⅜
25¼	9⅛	1.00	North American	14¼	14
23½	12⅜	1.50	Pacific Gas & Electric	18¾	19
37	19	2.40	Pacific Lighting	29½	28¼
6⅝	2⅜	—	Packard Motors	4	3⅞
39⅛	17⅛	1.00	Pennsylvania Railroad	21⅜	21¼
21⅛	13	1.00	Phillips Petroleum	21⅜	21¼
45	20⅜	2.80	Public Serv. of N.J.	29½	29¼
8¼	4	—	Radio Corporation	5⅛	5⅛
62⅞	43¼	3.00	Reynolds Tobacco "B"	49¾	49¾
33⅜	17⅛	—	Schenley	24	24
51¼	31	0.75	Sears Roebuck	39	39
19⅞	11	0.60	Socony-Vacuum	14¼	14½
22¼	10⅛	1.50	Southern California Edison	15½	15⅜
33⅜	13	—	Sthrn. Pacific	16⅝	17
36½	7⅝	—	Sthrn. Railway	10⅜	11
25¼	13⅜	1.00	Stand. Brands	14⅜	14⅜
17	1⅜	—	Standard Gas & Electric	3⅞	4
42⅜	26½	1.00	Stand. Oil of Cal.	37	37½
50⅛	35⅜	1.25	Standard Oil Co. of N. J.	45⅝	46
67	47¼	3.80	Sterling Products	64	64½
29⅜	16⅜	1.00	Texas Corporation	23	22⅝
43¼	29	2.00	Texas Gulf Sulphur	33⅞	34¼
8½	5	.12½	Transamerica	5⅝	5½
56⅜	35⅞	1.40	Union Carbide & Carbon	55¾	56⅞
133⅞	83½	6.00	Union Pacific	93	94
16¼	8⅛	—	United Aircraft (New)	13½	13⅜
6½	2⅜	—	Un. Airline Trans.	6⅛	6¼
8⅞	1½	—	United Corporation	2⅜	2⅞
24	9⅜	—	U. S. Rubber	12⅜	12¾
59⅞	27⅞	—	U. S. Steel	33	33
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Pres. Lincoln	Aug. 31	s.s. Berengaria	Oct. 14

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